

# BUSINESS WEEK

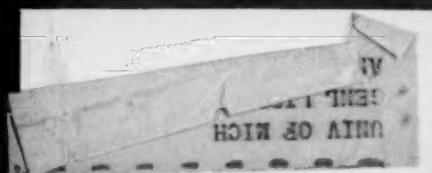
JULY 3, 1948



Thomas E. Dewey: Next President? (page 6)

BUSINESS  
WEEK  
INDEX

A MCGRAW HILL PUBLICATION





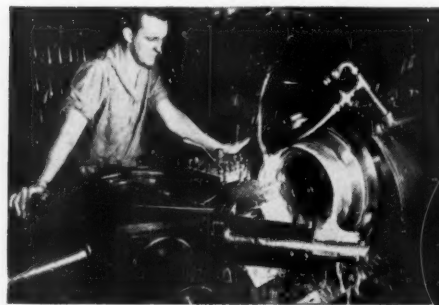
# There is a way to stop inflation— Machines

**W**E HAVE high prices (inflation) today because there is more money than goods in people's hands.

Since nobody wants to surrender or lose his money, the only cure for high prices is more goods.

The only way to get more goods is better machines, efficiently used to produce more.

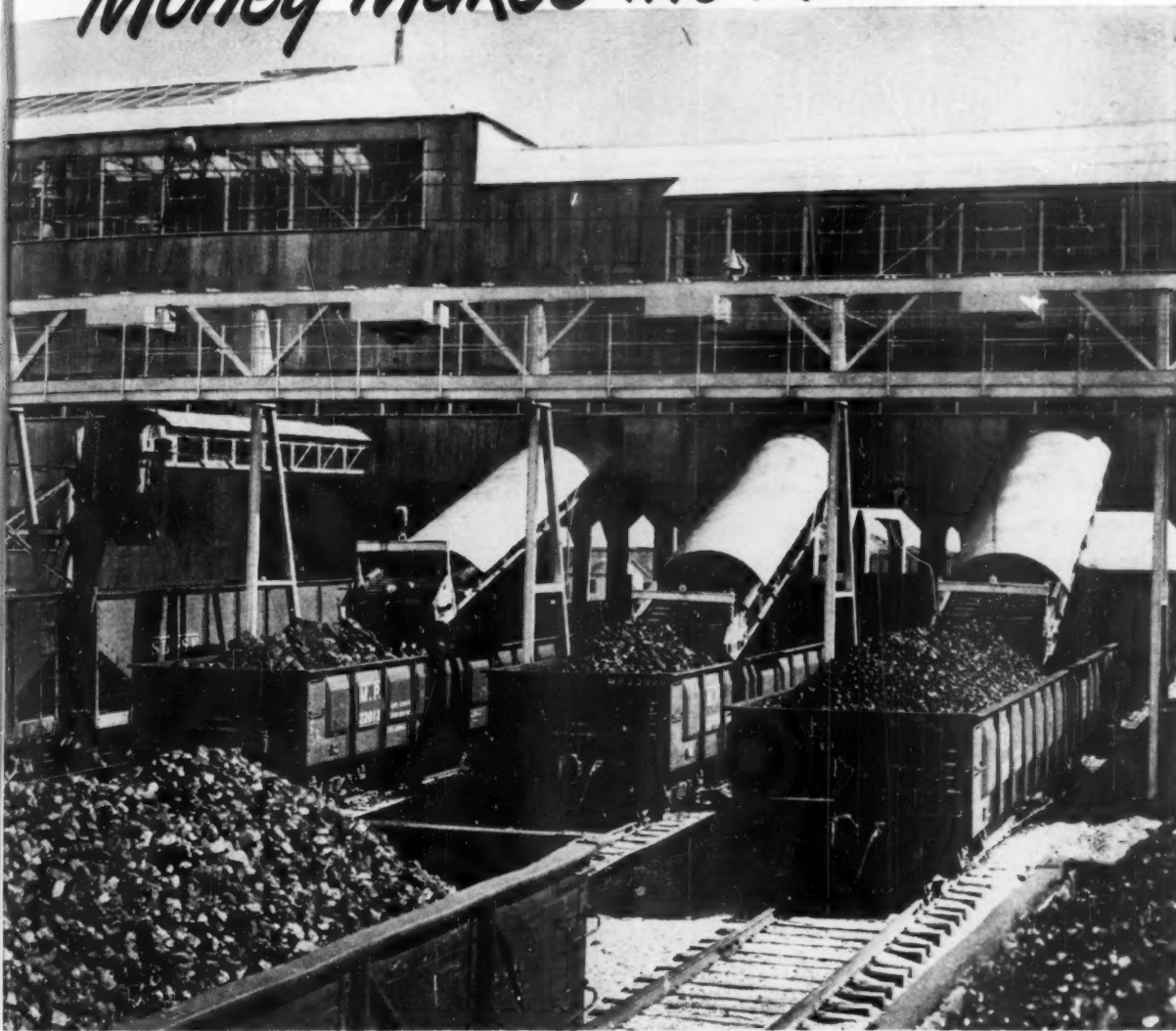
If you work in metal, you can machine it better, faster, for less with Warner & Swasey Turret Lathes, Automatics and Tapping Machines. *That*, and the use of other modern machines, is the way to cure inflation.



**WARNER  
&  
SWASEY**  
Machine Tools  
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES

# Money Makes the Mine Go!



**You're looking** at the "business end" of a modern coal mine. At processing plants like this one, coal is washed, sized, and loaded into railroad cars—ready for millions of consumers all over America.

The processing of coal is highly mechanized at America's progressive mines. In fact, machines aid the miner in *every* mining operation, from the time coal is first cut, far underground. It is *mechanization* that has made possible America's record-breaking coal production—in response to a record-breaking demand for coal.

To keep the country's coal supply in balance with requirements, the bituminous coal industry is pushing plans for even greater mechanization—and for opening new workings, for building new processing plants, for modernizing and expanding shipping facilities.

*These essential improvements will cost huge sums—at least half a billion dollars in the next three years alone. Such expenditures will be warranted only if the mines are able to earn adequate profits. Indeed, most such "improvement dollars" must come directly from profits.*

That is why it is so important that the industry's profit position be strengthened to build for the future . . . to assure every consumer the kind and amount of coal he requires and to prepare for the great new uses now in sight for coal.

## **BITUMINOUS COAL**

**BITUMINOUS COAL INSTITUTE**


A DEPARTMENT OF NATIONAL COAL ASSOCIATION

WASHINGTON, D. C.

**BITUMINOUS COAL . . . LIGHTS THE WAY . . . FUELS THE FIRES . . . POWERS THE PROGRESS OF AMERICA**



**UP** goes  
material-handling  
efficiency



when you use Battery Industrial Trucks

**G**reater efficiency in material handling means greater earning power in any plant. Start paring unnecessary moves for production hands or warehouse men and you not only reduce handling cost per unit, but make way for volume never before possible.

Battery industrial trucks are the dependable, economic means of obtaining such efficiency. They can perform their strenuous tasks 24 hours a day every day if required, and their power characteristics are outstanding: instant starting; quiet operation; no fumes; no power used during stops. Driven by electric motors, they have a minimum of wearing parts and are inherently trouble-free.

Keeping these hard-working trucks on the job calls for EDISON Nickel-Iron-Alkaline Batteries. Built of rugged steel, yet precise as a watch, they are recognized for dependability, long life and trouble-free operation. Specify EDISON and you specify maximum reliability—enduring quality.

**ADVANTAGES OF EDISON NICKEL-IRON-ALKALINE BATTERIES:**  
Durable mechanically; foolproof electrically; easy to maintain;  
not temperature-sensitive; can stand idle without injury.



# EDISON

Nickel • Iron • Alkaline

## STORAGE BATTERIES



**EDISON STORAGE BATTERY DIVISION**  
of Thomas A. Edison, Inc., West Orange, N. J.  
In Canada: International Equipment Co., Ltd., Montreal and Toronto

## BUSINESS WEEK

**EDITOR**  
Ralph Smith

**EXECUTIVE EDITOR**  
Kenneth Kramer

**MANAGING EDITOR**  
Edgar A. Grunwald

**ASST. MANAGING EDITOR**  
Harry Lee Waddell

*News Editors:* Cora Carter, Richard M. Machol, Carl Rieser, Guy Shipley, Jr. • *Illustration:* Jacquelyn Judge, C. Peter Davis

### DEPARTMENT EDITORS

*Business Outlook:* Clark R. Pace • *Business Policy:* John L. Cobbs • *Finance:* William McKee Gillingham • *Foreign:* Howard Whidden • *Labor:* Merlyn S. Pitzele • *Law:* Joseph A. Gerardi • *Marketing:* Frank J. Cogan • *Production:* John Sasso • *Agriculture:* Arthur L. Moore

### EDITORIAL ASSISTANTS

J. P. Chamberlain, Jane E. Clark, Jean Drummond, Mary Flaherty, Frank J. Fogarty, John Hartshorne, John Hoffman, Nathaniel McKitterick, James C. Nelson, Jr. (Asst. Marketing Editor), Arthur Richter, Edward T. Townsend (Asst. Labor Editor), Doris I. White • *Statistician:* Gertrude Charloff • *Librarian:* Mildred L. Washburn

### ECONOMICS STAFF

Dexter M. Keezer, Sanford S. Parker, William F. Butler, Peter Freuch, Robert P. Ulin

### DOMESTIC NEWS SERVICE

*Chicago Bureau:* James M. Sutherland, Mary B. Stephenson • *Cleveland Bureau:* Robert E. Cochran • *Detroit Bureau:* Stanley H. Brams, Ruth Cain • *San Francisco Bureau:* Richard Lamb, Mardell Burns • *Washington Bureau:* George Doying, Glen Bayless, Robert B. Colborn, Thomas A. Falco, Carter Field, Joseph Gambatese, Seabrook Hall, Louis Jacobson, Sam Justice, Paul Leach, Jr., Donald O. Loomis, Gladys Montgomery, Caroline Robertson, Vincent Smith, William B. Whichard, Jr. • *Correspondents:* Akron, Albuquerque, Atlanta, Baltimore, Bangor, Birmingham, Boston, Buffalo, Charlotte, Cincinnati, Dallas, Denver, Des Moines, Evansville, Houston, Indianapolis, Kansas City, Knoxville, Los Angeles, Louisville, Madison, Memphis, Miami, Minneapolis, New Orleans, Oklahoma City, Omaha, Philadelphia, Pittsburgh, Providence, Richmond, Rochester, Salt Lake City, Seattle, St. Louis, Topeka, Tucson, Wichita, Wilmington, Fairbanks (Alaska), San Juan, (P.R.), Honolulu (T.H.)

### FOREIGN NEWS SERVICE

*Director:* John F. Chapman • *London:* Frederick Brewster, Randle Elliott • *Paris:* Michael Marsh • *Berlin:* John Christie • *Moscow:* Andrew Steiger • *Tokyo:* Alpheus Jessup • *Bombay:* Joseph Van Denburg, Jr. • *Melbourne:* Herbert Leopold • *Rio de Janeiro:* Henry Bagley • *Buenos Aires:* John Wilhelm • *Correspondents:* Amsterdam, Bangkok, Batavia, Bogota, Cairo, Caracas, Copenhagen, Geneva, Johannesburg, La Paz, Lima, Manila, Mexico City, Milan, Montevideo, Ottawa, Prague, Santiago, Shanghai

**PUBLISHER**  
Paul Montgomery

**ADVERTISING MANAGER**  
H. C. Sturm

BUSINESS WEEK • JULY 3 • NUMBER 983

(with which are combined *The Annalist* and the *Magazine of Business*) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1860-1948), Founder • Publication Office 99-129 North Broadway, Albany 1, N. Y. Return postage guaranteed • Editorial and Executive Offices, 330 W. 42nd St., New York 18 • James H. McGraw, Jr., President; Curtis W. McGraw, Vice-President and Treasurer; Eugene Duffield, Executive Assistant for Publications; Nelson Bond, Director of Advertising; Joseph A. Gerardi, Secretary. Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y., or 330 West 42nd St., New York 18. Allow ten days for change of address.

Subscriptions to *Business Week* are solicited only from management-men in business and industry. Position and company connection must be clearly indicated on subscription orders. Single copies 25c. Subscription rates—United States and possessions \$6.00 a year. Canada \$7.00 a year. Pan American countries \$10 a year. All other countries \$20 a year. Entered as second class matter Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. Printed in U. S. A. Copyright 1948 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

BUSINESS WEEK • July 3, 1948



# CAN'T WE TALK YOU INTO MONEY?

A SOMEWHAT SORDID SUBJECT by Mr. Friendly



Oh, please forget the higher things  
Like music, art and angel wings  
And concentrate on something low  
Like making dough!

("Money-mad" businessmen, for example,  
are delighted to learn that American Mutual  
gives them the chance to save 20%  
on insurance premiums... in 1948, too!)

These "purse happy" people are also gleeful to find  
that our special I. E. Loss Control\* service has reduced  
industrial accidents 80% and upped profits 300% in some  
cases! And you get this service at no charge with every  
industrial policy!

Yes!... It may sound sordid...  
may sound funny... but can't we load  
you up with money?



## AMERICAN MUTUAL

... the first American liability insurance company

**P.S.** Ask your local American Mutual man to show you "The 40 Convincing Cases" and see how I. E. Loss Control can help you. Write today for your copy of "The All-American Plan for Business" or "The All-American Plan for the Home." American Mutual Liability Insurance Co., Dept. B-49, 142 Berkeley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory.

\*Accident prevention based on principles of industrial engineering.

© 1948, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



■ The name Old Council Tree identifies the best business and personal paper in the Neenah line. Old Council Tree Bond is made of 100% long cotton fiber stock and possesses absolute permanence. Old Council Tree Bond is ideal for business and personal needs where extraordinary distinction is required . . . and for stock and bond certificates, insurance policies and other important forms subjected to extremely severe handling.



These famous names identify the papers manufactured by the Neenah Paper Company. The name *Neenah* appears in each watermark to identify the genuine for your protection.

|                       |                      |
|-----------------------|----------------------|
| OLD COUNCIL TREE BOND | TUDOR LEDGER         |
| SUCCESS BOND          | STONEWALL LEDGER     |
| CHIEFTAIN BOND        | RESOLUTE LEDGER      |
| NEENAH BOND           | NEENAH LEDGER        |
| NEENAH THIN PAPERS    | NEENAH INDEX BRISTOL |

**NEENAH PAPER COMPANY • NEENAH, WIS.**

## THE DEPARTMENTS

|                       |    |
|-----------------------|----|
| Business Abroad       | 73 |
| Business Outlook      | 9  |
| Finance               | 54 |
| Insurance             | 26 |
| International Outlook | 71 |
| Labor                 | 62 |
| Marketing             | 38 |
| The Markets           | 60 |
| New Products          | 50 |
| Production            | 46 |
| The Trend             | 80 |
| Utilities             | 31 |
| Washington Outlook    | 15 |

## THE COVER

"That's why it's time for a change."

Early in the 1944 campaign, Tom Dewey used that line in a peroration after an attack on the "bumbling and fumbling" of the New Deal. It got a rousing cheer. A few days later he repeated it; it shook the hall. The third time he started it, the audience took it away from him with a responsive roar. The 1944 campaign had its slogan.

• **New Approach**—Except for the tarnish of time, most Republicans might think that slogan is still pretty good. But not Dewey. He hasn't grown any more tolerant about the Democratic Administration's bureaucratic wonderland. Nor will he renounce the role of prosecutor for the American people against the "inefficiency and duplicity" of the party now in power. But he wants to put the 1948 campaign on a different, higher level. He wants to strike a note that will move the mind and spirit of America. He would bind together a divided people in a common hope: that a secure future is possible, that the possibility can be realized.

If Dewey can light that fire, he wins infinitely more than the presidency. He wins national leadership. Being president without it—as Harry Truman can testify—means not much more than being able to rattle around in a big, uncomfortable house, holding down one of the world's most frustrating jobs.

• **New Dewey**—Thus, the 1948 campaign will see a Dewey with a new look as he crosses the country fanning sparks. He will not lose the admiration or contempt of those who think of him as the fighting district attorney. Presenting arguments, marshaling facts, hammering home their significance—these will always remain a core element of the Dewey personality. But there will be the man of uplifting vision, too. There was a foretaste of it in the Oregon primary battle. A Portland Democrat summed it up as that campaign ended: "Tom has let his hem down."

—Cover photographed by  
Marcel Sternberger

# BUSINESS OUTLOOK

BUSINESS WEEK

JULY 3, 1948



Business enters the second half of 1948 very close to earlier postwar peaks. And domestic prospects remain bright.

However, the stock market dive Monday morning gave some idea of the doubts over conditions abroad. And these are not just political worries over Berlin or the Balkans.

Economic recovery in western Europe still is pitifully slow.

Industrial activity in the U. S. will continue to hinge on (1) business capital outlays, (2) commercial, residential, and public construction, and (3) foreign trade.

Aid for Europe will raise export volume from the recent low levels.

Residential construction is at a postwar high (BW-Jun.26'48,p19). Yet there remain some fears of a later slump.

Gains in commercial building and public construction still offset a slowing rate of industrial construction.

Capital outlays may be tapering off by next year. This is a key point to watch—barring greatly stepped up armament expenditures.

The situation now is peculiar. Industrial building is declining. Yet all business capital outlays are put at a towering \$18-billion in 1948.

Of course, big commercial expansion (by stores, etc.) enters into that. Moreover, industry can spend a pile of money equipping plants just now completed; it also is spending plenty on modernization.

Nevertheless, the drop in industrial construction now probably means that peak postwar expansion will be behind us by 1949.

Declining production here and there doesn't seem to be reducing the aggregate of national income.

Actually, few industries are suffering what might be described as private recessions. They simply have fallen off from unnatural postwar peaks. They now have to adjust to a more normal climate.

In isolated instances, though, the squeeze is painful. The glass container people can tell you something about that.

For example, Thatcher Glass Mfg. Co. this week omitted dividends on both the common and preference stock. With that came salary cuts ranging from 20% for the president down to 6% in lower brackets.

Profit squeezes afflict a few industries. And the pressure is out of all proportion to reduction in sales volume.

The cause is simple. Costs continue to rise. Break-even points are so high that a moderate dip in volume plays hob with profits.

Third round wage increases are putting steam behind prices.

This is a twofold thing:

(1) Consumers have more money to bid up the things they want to buy.

(2) Manufacturers have to add some of the new wage costs onto the prices of things they sell.

Wholesale prices once again average as high as they did at their January peak. What's more, they are pointed higher.

The only thing that has prevented a more rapid recovery has been some



# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
JULY 2, 1948

weakness in agricultural products. Yet foods are virtually back to their post-war highs. And increases on industrial products are spreading.

Price boosts early this week covered an exceptionally wide range:

Harbison-Walker on refractory products; American Brass on brass mill products; General Cable on most of its line; Westinghouse Electric on certain motors, engine-driven generators, and industrial control equipment; Pittsburgh Steel on oil-country tubular goods.

The Pittsburgh Steel boost was some 26% on casings and oil-well tubing; these goods are going 100% above list in gray market deals.

Many basic metal prices are going to be hard to hold down.

This was demonstrated late last week when Alcoa marked up aluminum Ingots 1¢ a lb. to 16¢. That's the only rise since before Pearl Harbor.

Aluminum output, despite some power shortages, has been booming. It hit the highest level since mid-1944 in April at 53,277 tons.

Yet high volume alone isn't enough to meet repeated boosts in wages, raw materials, freight. The industry's latest wage increase had to be translated into higher prices on primary metal.

Aluminum scrap is so scarce, incidentally, that alloy ingots obtained by its conversion are selling 30% to 50% above virgin metal. So tight, indeed, is this situation that one mill withdrew quotations on Wednesday.

Plastics prices, famous for going ever downward, now are rising.

First markup the trade can recall in a trade-named moulding material has been announced by Rohm & Haas on Plexiglas sheeting.

And, after 21 earlier price cuts, du Pont announces its second advance on Cellophane. This one is about 6½%; the first, in 1947, averaged 7%.

Sugar prices are giving an unusual performance—rising here while inching downward on the world market.

The trade insists the last cut in the U. S. consumption quota—which regulates imports—was too deep. It lopped 500,000 tons off estimated domestic needs, throwing a like amount on world markets (BW-June 12'48, p10).

Government support buying and higher sugar prices both should benefit bee keepers. So low have honey prices fallen that Uncle Sam has stepped in, bidding for substantial quantities for the school lunch program.

We definitely have become accustomed to more and better food. This won't change unless economic circumstances force it.

Experience of the last 10 years shows this pretty clearly. In 1940, 23.5% of retail dollars went into food. By 1944, the figure was 27.3%, according to the Dept. of Commerce.

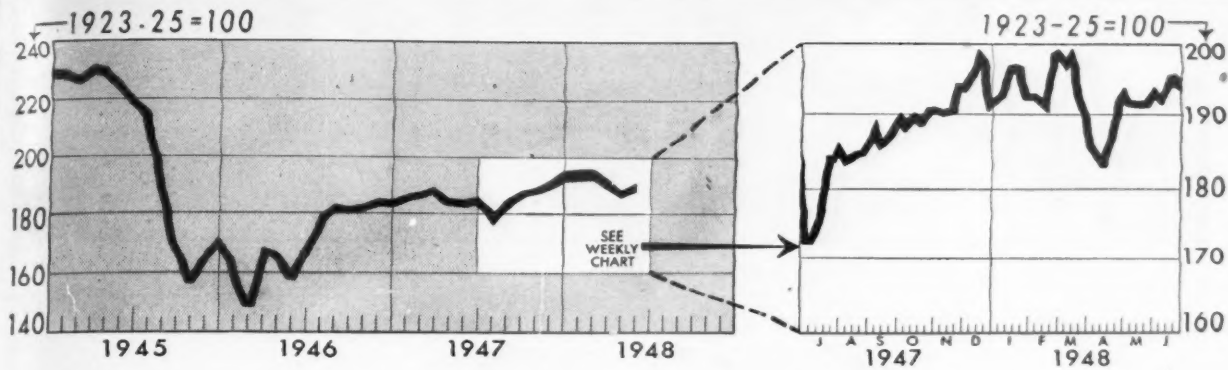
The ratio turned down to 24.8% early in 1946. But it got up to 27% at the start of 1947 and now is 27.6%.

This helps explain why consumers still buy meat at today's prices. Supplies are down—but consumer demand is not.

The public's propensity to eat better than prewar has important implications: It not only calls for production of more and better food; but it also could, one day, limit what is left over for other things.

Continual price rises underscore the pinch on that residual buying.

# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*195.2 †195.5 194.2 184.2 162.2

## PRODUCTION

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| Steel ingot operations (% of capacity).....                                  | 95.2     | 96.2     | 96.0     | 72.0     | 97.3     |
| Production of automobiles and trucks.....                                    | 94,054   | †109,259 | 92,772   | 103,203  | 98,236   |
| Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).... | \$25,925 | \$25,927 | \$24,214 | \$21,813 | \$19,433 |
| Electric power output (million kilowatt-hours).....                          | 5,257    | 5,159    | 5,076    | 4,675    | 3,130    |
| Crude oil (daily average, 1,000 bbls.).....                                  | 5,494    | 5,492    | 5,452    | 5,110    | 3,842    |
| Bituminous coal (daily average, 1,000 tons).....                             | 2,235    | †2,230   | 2,287    | 2,140    | 1,685    |

## TRADE

|   |          |          |          |          |         |
|---|----------|----------|----------|----------|---------|
| Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)..... | 82       | 82       | 81       | 84       | 86      |
| All other carloadings (daily average, 1,000 cars).....                | 69       | 69       | 65       | 66       | 52      |
| Money in circulation (millions).....                                  | \$27,792 | \$27,808 | \$27,700 | \$28,183 | \$9,613 |
| Department store sales (change from same week of preceding year)..... | +21%     | +1%      | +7%      | +3%      | +17%    |
| Business failures (Dun & Bradstreet, number).....                     | 111      | 100      | 112      | 60       | 228     |

## PRICES (Average for the week)

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Spot commodity index (Moody's, Dec. 31, 1931=100).....                          | 436.0   | 437.0   | 426.9   | 402.8   | 198.1   |
| Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100).... | 276.1   | 277.0   | 275.5   | 260.8   | 138.5   |
| Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....   | 392.7   | 399.1   | 393.7   | 357.5   | 146.6   |
| Finished steel composite (Steel, ton).....                                      | \$80.27 | \$80.27 | \$80.27 | \$69.82 | \$56.73 |
| Scrap steel composite (Iron Age, ton).....                                      | \$40.66 | \$40.66 | \$40.66 | \$35.58 | \$19.48 |
| Copper (electrolytic, Connecticut Valley, lb.).....                             | 21.500¢ | 21.500¢ | 21.500¢ | 21.505¢ | 12.022¢ |
| Wheat (Kansas City, bu.).....   | \$2.30  | \$2.26  | \$2.36  | \$2.26  | \$0.99  |
| Sugar (raw, delivered New York, lb.).....                                       | 5.54¢   | 15.39¢  | 5.25¢   | 6.19¢   | 3.38¢   |
| Cotton (middling, ten designated markets, lb.).....                             | 36.21¢  | 36.95¢  | 37.80¢  | 37.26¢  | 13.94¢  |
| Wool tops (New York, lb.).....  | \$1.995 | \$2.012 | \$1.995 | \$1.533 | \$1.281 |
| Rubber (ribbed smoked sheets, New York, lb.).....                               | 22.80¢  | 22.97¢  | 22.78¢  | 14.30¢  | 22.16¢  |

## FINANCE

|  |       |       |       |        |       |
|--|-------|-------|-------|--------|-------|
| 90 stocks, price index (Standard & Poor's Corp.).....                    | 133.0 | 134.1 | 132.8 | 121.3  | 78.0  |
| Medium grade corporate bond yield (30 Baa issues, Moody's).....          | 3.34% | 3.34% | 3.34% | 3.20%  | 4.33% |
| High grade corporate bond yield (30 Aaa issues, Moody's).....            | 2.76% | 2.75% | 2.75% | 2.56%  | 2.77% |
| Call loans renewal rate, N. Y. Stock Exchange (daily average).....       | 1½%   | 1½%   | 1½%   | 1½-1½% | 1.00% |
| Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)..... | 1½%   | 1½%   | 1½%   | 1%     | 4-1½% |

## BANKING (Millions of dollars)

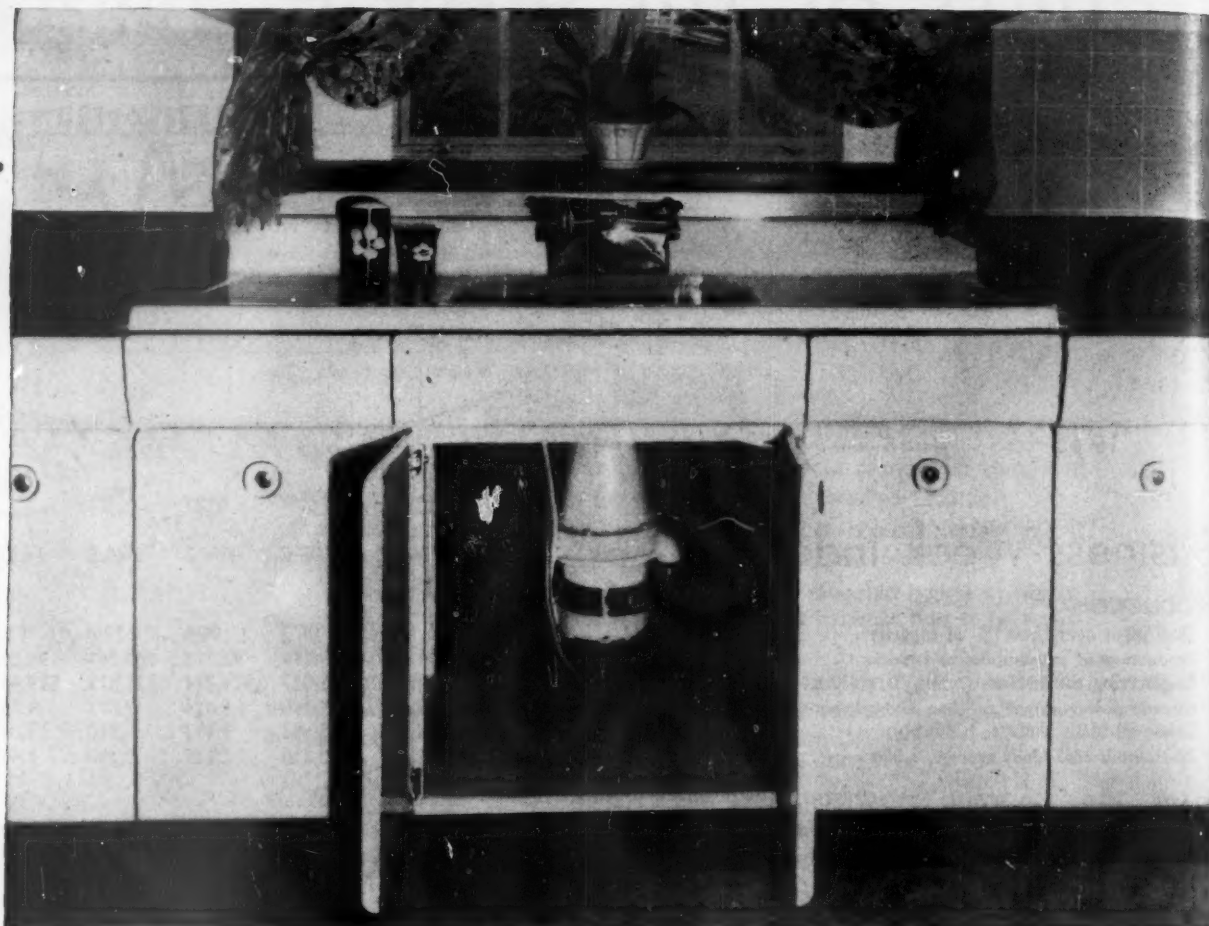
|  |        |        |        |        |          |
|--|--------|--------|--------|--------|----------|
| Demand deposits adjusted, reporting member banks.....                          | 46,647 | 47,259 | 46,856 | 46,989 | ††27,777 |
| Total loans and investments, reporting member banks.....                       | 62,872 | 63,085 | 63,129 | 63,285 | ††32,309 |
| Commercial and agricultural loans, reporting member banks.....                 | 14,259 | 14,245 | 14,206 | 11,757 | ††6,963  |
| Securities loans, reporting member banks.....                                  | 1,411  | 1,715  | 1,838  | 2,276  | ††1,038  |
| U. S. gov't and gov't guaranteed obligations held, reporting member banks..... | 34,869 | 35,250 | 35,298 | 38,943 | ††15,999 |
| Other securities held, reporting member banks.....                             | 4,215  | 4,220  | 4,199  | 4,112  | ††4,303  |
| Excess reserves, all member banks.....   | 710    | 1,170  | 710    | 674    | 5,290    |
| Total federal reserve credit outstanding.....                                  | 21,721 | 21,519 | 21,201 | 22,057 | 2,265    |

\*Preliminary, week ended June 26th.

†Revised.

‡Date for "Latest Week" on each series on request.

††Estimate (B.W.—Jul. 12 '47, p. 16).



## FIBERGLAS\* *including* ... everywhere ~~but~~ the kitchen sink

In huge generators supplying power and light to entire communities—even in the small motor that operates this kitchen waste disposal unit†—or wherever motor breakdowns would mean man-hours lost or materials-in-process destroyed, you'll find Fiberglas-base Electrical Insulating Materials are on the job, insuring trouble-free operation.

If electric motors are a component part of the products you manufacture, if you are a motor manufacturer, or if you use motors in your manufacturing processes, it will pay you

to investigate the many advantages offered by Fiberglas.

Problems resulting from the effect of heat and overload, dust, oil, corrosive acids and vapors are being solved, and performance improved by Fiberglas-base insulations. Even where electrical equipment is not called upon to perform under adverse conditions, you'll find it's good insurance to have the added protection of these inorganic-base insulations. For complete information write: Owens-Corning Fiberglas Corporation, Dept. 803, Toledo 1, Ohio. Branches in principal cities.

*In Canada: Fiberglas Canada Ltd., Toronto, Ontario.*

† The new "EUREKA Dispos-O-Matic" waste food disposer manufactured by the Eureka Division of the Eureka Williams Corporation, Bloomington, Ill.

OWENS-CORNING  
**FIBERGLAS**  
U.S. PAT. OFF.

**ELECTRICAL  
INSULATING  
MATERIALS**

\*FIBERGLAS is the trade-mark (Reg. U. S. Pat. Off.) for a variety of products made of or with glass fibers by Owens-Corning Fiberglas Corporation.



# WASHINGTON OUTLOOK



**ALBANY TODAY** is a preview of Washington next year.

The striking thing about Albany is that it's a capital dominated by the executive rather than the legislature. In five years, Dewey has never taken a serious legislative defeat.

Firm discipline by legislative leaders, plus careful routing of every measure, has been the secret of Dewey's orderly administration. And he has been skillful at using county party organization to whip a wavering lawmaker into line.

The Congress of the United States is not a state legislature. But there's no doubt that a Dewey Administration would be run from the White House.

Senators like Taft and Vandenberg may find this hard to swallow; they have been running the country from the Hill for two years now. But, like every strong president, Dewey can rely on the readily disciplined House.

Joe Martin, who handles the gavel in the House, is the sort of wheelhorse Dewey can work with. At Philadelphia, Martin kept himself clear of any anti-Dewey taint. And he came away from the convention prepared to play the game Dewey's way.

The work Dewey would lay out for Congress would mesh pretty well with Congress' own approach. Dewey brings from Albany a pro-business legislative record that jibes with the program of the 80th Congress.

Take taxes, for example: Dewey put through an across-the-board cut in income taxes that went as deep as 50%; he raised excise taxes on cigarettes and liquor, lowered corporation taxes.

At first glance, the New York State housing program looks like an exception to Dewey's pro-business record. But actually, Dewey inherited an authorized \$300-million program; it was increased during his administration only by a referendum bond issue of \$135-million. Dewey himself gave silent approval to Congress' decision against federal public housing.

The Dewey record at Albany is modified, of course, by the fact that he's been running for the presidency since well before he became governor. He's had to stay clear of some controversial issues which, as President, he'd have to tackle (page 19).

In a Dewey White House you would find the two cabinets that every president seems to need—

the official heads of departments for one; the little inner circle of personal advisers for another.

The famous Albany team—Paul Lockwood, confidential secretary; Jim Hagerty, press relations; Elliot Bell, finance and speechwriting; Charles Breitell, legal, and the rest—would make the initial nucleus of an inner cabinet. These have been the men with whom Dewey hammers out major policy—and strategy.

John Foster Dulles, Dewey's mentor on foreign affairs, would double in brass as both inner circle adviser and Secretary of State in the official cabinet.

Beyond Dulles, Dewey himself could hardly decide now who'll finally sit in his cabinet. There are political facts of life to be faced. The G.O.P. has been out of power a long time, and cabinet jobs will have to depend on political geography and how the campaign goes.

But this early in the day, these look to be the most likely bets:

**For Treasury:** Winthrop Aldrich or some New York banker like him.

**For Defense:** There's talk of Sen. Ed Martin of Pennsylvania, who put Dewey in nomination. But he's unlikely to get more than the subordinate job of Secretary of Army.

**For Agriculture:** Rep. Clif Hope, Kansas, chairman of the House Agriculture Committee.

**For Interior:** Perhaps Sen. Eugene Millikin of Colorado—from the reclamation West.

**For Labor:** Mary Donlan, chairman of the New York Compensation Board, would put a woman in his cabinet.

**WARREN'S IMPORTANCE**, if history is a guide, is chiefly for the campaign. Presiding over the Senate, he's likely to find his influence reduced to what he can exert informally and personally.

He brings a New Dealish tint to the ticket from California. He fought losing battles in the last two sessions of the legislature for a state medical care plan. He has bucked the private utilities in support of the Central Valley public power and reclamation project. He rode down the oil industry in a bitter fight over a gas tax for road-building.

This record may well pick up some liberal votes for the ticket. And it won't lose many right-wing votes; even California businessmen who have tangled with Warren think he's basically sound.

For the internationalist voters, the most im-

# WASHINGTON OUTLOOK (Continued)

portant thing about Warren is that he isn't Taft or Martin or Halleck. Choice of Warren for second place was a complete New Guard sweep at Philadelphia, with no concessions to the Old Guard.

Said one Taft delegate as he mournfully packed his bags: "We couldn't lick 'em, and they wouldn't even let us join 'em."

**TRUMAN THINKS HE'S LICKED.** That's his first reaction to the Republican convention which nominated the two men he himself had tabbed as hardest to beat. Only two weeks after he came back from his western trip brimming with enthusiasm, he's now telling friends: "I'm afraid I can't win."

The gloom of the Truman cronies hits you in the face the minute you step into the White House.

That's what prompts the recurrent story that Truman will withdraw. We can't buy the story ourselves: Truman knows that, if he pulled out, the party would stage a catfight at Philadelphia that would hurt it far more than mere defeat. And he's a loyal party man.

**STEEL ALLOCATION,** after being batted between White House and Congress all year, finally slid into law by a legislative freak.

A sort of steel allocation, that is. It's limited to steel required for military orders—at present something under a million tons a year. That's a little over 1% of total production.

It happened late one night at the frantic tag end of Congress. The draft act was being debated. Rep. Walter Ploeser, who works the small business side of the street, introduced an amendment admonishing Forrestal to give small firms "a fair share" of armament business. And just to make sure that supply difficulties didn't stand in the way, he tossed in another amendment empowering Forrestal to allocate steel to munitions contractors. No one objected, so both were adopted.

Actually, the new authority makes little difference. Language in the draft law gives priority to munitions orders. So Forrestal could always get steel for his contractors by buying it direct—or threatening to. Ploeser's amendment saves him the trouble.

Some mobilization theorists are bothered by the grant of any allocation powers to the military. These belong in civilian hands they think. It's the precedent that disturbs.

**GLEEFUL EXCITEMENT** was Washington's reaction to the Cominform indictment of Yugoslavia's Tito. Here is a report on how the State Dept. feels about the situation (for Business Week's analysis, based largely on word from abroad, see page 71):

The last paragraphs of the Cominform blast—which seem practically to call for revolution against Tito's government—particularly intrigue State Dept. Russian analysts. They grasp at the prospect that here is the breakup behind the Iron Curtain; they hadn't dreamed it could happen until after three or four years of nurturing East-West trade through ECA.

One enthusiastic reaction: This could be as important to the cold war as the Italian surrender was to World War II.

Already the striped-pants boys are talking ways to woo Tito into the U. S. camp. He could be told: The U. S. doesn't care what sort of government a nation has, even though it's Communist, so long as it isn't Russian-dominated.

That could lead, so the thinking runs, to fruitful discussions of impounded gold, nationalized industries (page 76), maybe even eventually of a 17th Marshall Plan country.

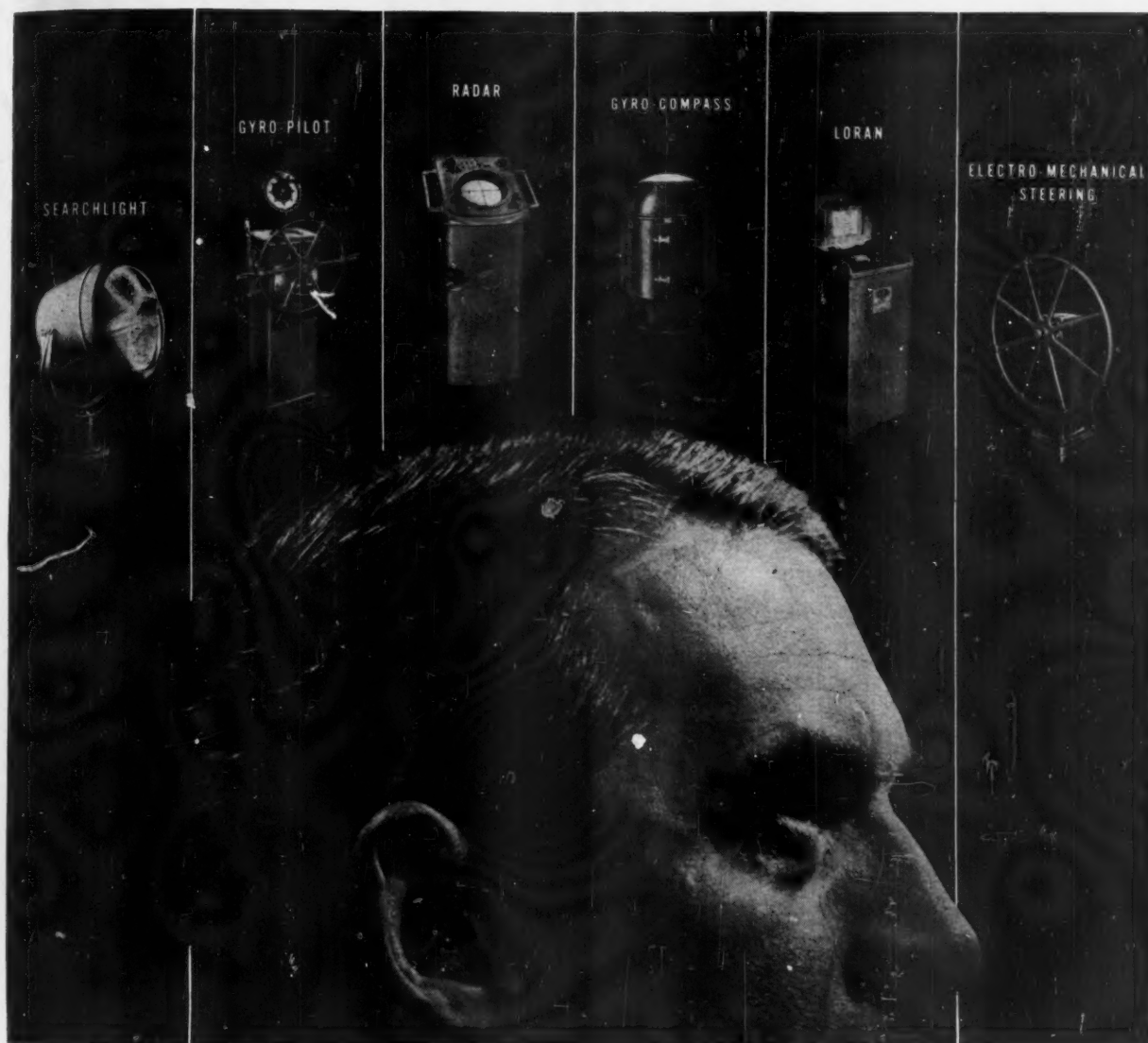
There's a gimmick, of course. How would a new line like this sit with a public convinced that all Communists are bad—and that Tito is the "murderer" of Mikhailovitch?

In any case, the State Dept. is convinced that the Cominform blowoff ends the Berlin crisis—for now, at least.

After the Yugoslav setback, Russia will be busy battenning the hatches in the other satellites. Watch for moves in Finland, Czechoslovakia, Bulgaria—the Red zone countries not now occupied by Russian forces.

• Paul Hoffman is wondering how he can explain to Congress that in three months he has put out \$900-million in grants to Europe, not a dollar in loans. He promised Taber a fifth would be loans—so now he's pressing the more solvent countries to give I.O.U.'s for some of their aid. . . .

• A Dewey Administration will inherit the TVA steam plant controversy, supposed to have been decently buried by the last Congress. Truman is putting it into the 1950 budget (which he submits, regardless of election results).



## Close-up of an Engineer with *Service* on his mind

■ You're looking at a typical Sperry Service Engineer... a man whose sole responsibility is to see that the Sperry marine equipment you buy gives the best possible service.

■ He's a man who is "at home" on the bridge, in the pilothouse, or "below" on any type vessel. He's usually a veteran with Sperry of 20 years or more. He knows the kind of performance Sperry equipment **MUST** and can provide.

■ Sperry executives, too, have a first-hand knowledge of the importance of

good follow-through service. Many of them started as Service Engineers themselves and know from actual experience at sea and in the factory the Service Engineer's duties and problems.

■ Sperry doesn't stop at field service only. For 35 years we have maintained schools in which customers' personnel

are thoroughly trained in the care and operation of Sperry marine equipment. This results in improved performance and operating economy.

■ No place is too remote for Sperry service... at ocean ports, lake ports or river ports. Our Marine Department or our nearest District Manager will be glad to tell you more about it.



**SPERRY GYROSCOPE COMPANY**

**DIVISION OF THE SPERRY CORPORATION • GREAT NECK, N. Y.**

NEW YORK • CLEVELAND • NEW ORLEANS • LOS ANGELES • SAN FRANCISCO • SEATTLE

IN CANADA: THE ONTARIO-HUGHES-OWENS COMPANY, LIMITED • OTTAWA



# How extra light at the job speeds work, helps accuracy, provides safety



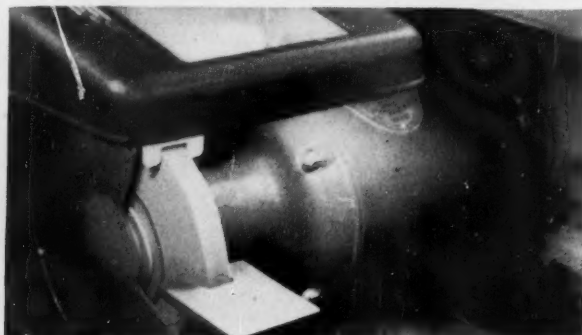
**1** Trough-type luminaire with two 40-watt G-E fluorescent lamps gives supplementary light for better seeing at the bench.



**2** Adjustable reflector unit with G-E 100-watt incandescent lamp gives concentrated light for accurate lathe boring job.



**3** Portable 6-watt General Electric fluorescent lamp in plastic case gives soft diffused light for engine tune up.



**4** G-E incandescent lamp fitted under shield of bench grinder assures accuracy and increases safety in tool-grinding.

*Whatever  
Lamps  
you need*



**FLUORESCENT**  
Soft, cool light  
makes work safer,  
easier.



**FILAMENT**  
All types and watt-  
ages for every light-  
ing need.



**MERCURY**  
Concentrated light  
sources for high-bay  
shops.



**INFRARED**  
For drying, baking,  
curing and other  
heat processes.



**INDICATOR**  
Glow and filament  
type. For instru-  
ments, etc.



**SILVERED BOWL**  
Indirect lighting at  
low cost, 60 to 1000  
watts.

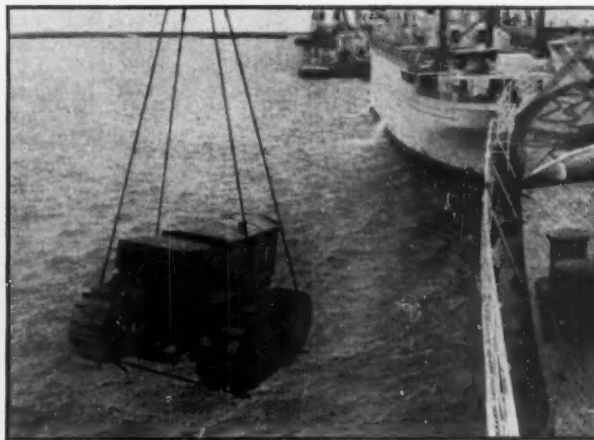
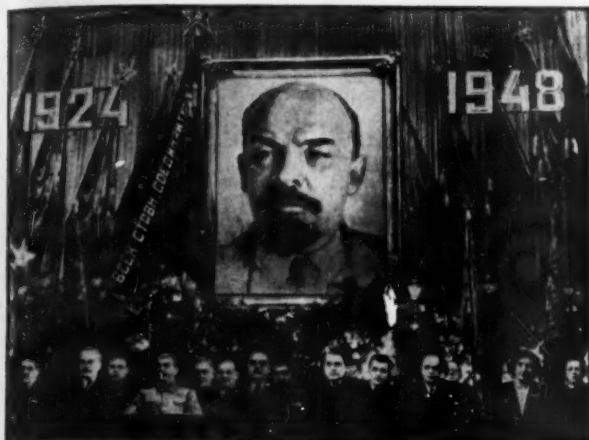
*-G-E  
makes  
'em all*

**T**HESE pictures illustrate just a few of the many applications where extra light at the job can help employees do better work.

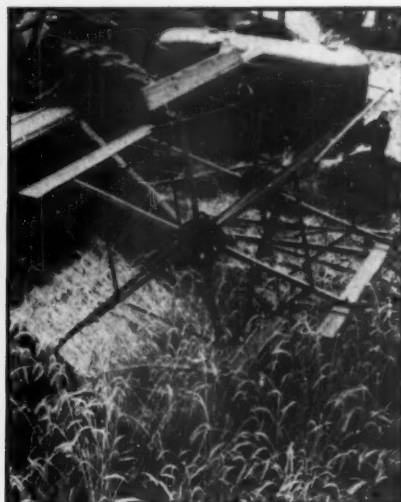
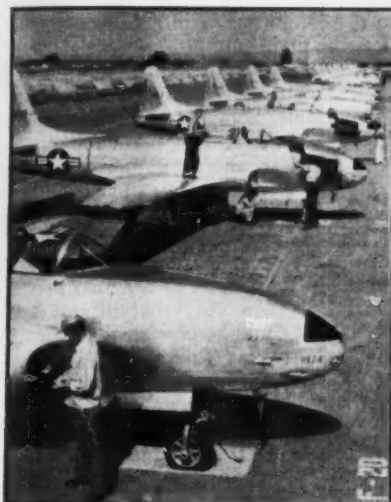
With the almost unlimited range of G-E lamps and the many modern fixtures now available, it's easy to provide extra light where it is most needed. The small cost involved will be more than offset by increased production, avoidance of costly errors and rejects, and time lost through accidents due to improper seeing.

Good lighting is a production tool—use it wisely. And remember, good lighting means G-E lamps—backed by constant research to make them *stay brighter longer!*

**G-E LAMPS**  
**GENERAL**  **ELECTRIC**



Abroad, the problems are how to handle relations with Russia and European aid . . .



At home, they include preparedness, how to avoid depression, the farm question. It's clear that . . .

## A Dewey Administration Will Have Its Hands Full

The question of war or peace will determine scope of the problem. If we have peace, next president faces end of inflation.

Short of a political miracle, Dewey and Warren and their Republican party will be running the United States for the next four years. In a real sense, they'll also be running at least half of the world.

Each of the years—1949, 1950, 1951, and 1952—will be critical years for the United States and its half of the world.

True, the Republicans don't take over in an obvious crisis of depression or war. But they are taking on a job of innovation: They must learn to deal (1) with a new kind of organization of the world,

and (2) with a new kind of economy in the United States.

### Foreign Problems

The decision was clinched at Philadelphia last week that the United States is going to take part in governing the world.

• **Vital Fact**—Relations with Russia, above everything else, will shape the four Republican years. Dewey's world, inescapably, is two worlds—that are not friendly. That is the fact that will de-

termine any future course. Barring the faint chance of a one-world settlement, one of two things will happen:

(1) Russia and the United States will each concentrate on organizing its own half world, with at worst some friction along the boundaries.

(2) One of the two powers will try aggressively to thrust its influence into territory the other considers its own.

• **One Road**—If No. 2 happens, the shape of the next four years is terrible but simple.

Probable war.

But even if No. 2 stays short of war, the Republican job will be to operate a garrison economy. Military preparedness will encroach steadily on domestic

industry (BW-Apr.24'48,p9). Dewey's task will be to find a way to keep the military and civilian machines running side by side with the least possible rub.

• **The Other Road**—It's the alternative—the continuation of a more-or-less stable truce in the cold war—that will test the flexibility and imagination of a Republican administration.

Direct armament could be limited to a little more than today's nominal schedule, maybe a little less. The U. S. could rely on its atom bomb monopoly—and on the implicit power of its unmobilized factories.

• **E.R.P. Problems**—The No. 1 job implied by U. S. determination to share the running of the world is, of course, to insure the economic health and stability of our half. Otherwise, it would stop being our half. That's the foundation of the Marshall Plan.

But adoption of the Marshall Plan was only a beginning. Beyond that, Dewey and his men face a whole series of problems:

(1) Year after year, economic aid abroad will have to be resold to the public and to Congress. A strong minority of Dewey's own party wants to cut, limit, or drop Marshall Plan aid. Dewey is committed to maintaining full U.S. support behind the program; it won't be easy.

(2) The theoretical end of the four-year plan comes during the next administration. Even the most optimistic admit that only with all the breaks can Europe be fully weaned by then. If some of the breaks are bad, Dewey will face the choice of (1) putting across a continuation of the program, perhaps on a semipermanent basis, or (2) backing out altogether.

(3) Planning and blueprinting Europe's economy is at the heart of the rehabilitation program. It will be a psychological wrench for Republicans, firmly opposed to "economic planning" at home, to develop methods for guiding European industry.

(4) The Dewey Administration will have to decide how far it should get involved in the internal politics of western Europe. Here's the sort of thing:

The de Gasperi government in Italy was elected without support on a program of social reforms. Is it up to the U. S. to see that the reforms are carried out? If not, can it risk seeing the Italian victory go glimmering?

(5) The Republicans must form a policy on the developing political organization of western Europe. Will the U. S. encourage western union? Guarantee it? Participate?

(6) As Europe recovers, Dewey will have another decision to make: The terms on which the U. S. will trade with the rest of the world. This year the Republicans ducked taking a long-term stand on tariff policy and the proposed

international trade rules. But sometime in the next four years the G.O.P. will have to face up to his choice: either (1) abandon its traditional high-tariff position, or (2) figure out a way to reconcile "protection" with European recovery.

• **Trade With Russia?**—While the Republicans shape up their dealings with our half of the world, they face another question: Do we deal—and if so, how—with the Russian half?

What Dewey really has to decide is whether prosperity and stability in the Russian zone is a good thing or a bad thing for the U. S.

• **Whither U. N.?**—And where does the United Nations fit into all this? While the U. S. builds up a network of economic and political relations with western Europe, Dewey and John Foster Dulles must find a way to keep the U. N. a live organization—or let it quietly fade away.

## Domestic Problems

Domestically, the Dewey Administration will be faced by this key question: What happens when inflation ends? While inflation lasts, most other problems lack urgency. There are few issues that can't be settled—or at least postponed—by a quick price boost or a pay increase.

• **It's Bound to End**—But unless U. S.-Russian strains force the country into a garrison economy, inflation should run its course sometime during the next four years. Ideally, business will level off at high, stable employment. But the return of a buyers' market is more likely to cause a sharp deflation, lowered production, and some unemployment.

• **Will the Theory Work?**—Traditional Republican belief is that industry will pick up these loads, granted a favorable political climate. Government, the theory goes, should keep hands off and let economic forces do the job.

But Dewey will be running a country conditioned by 16 years of paternalistic government, and one that still can't forget the great depression. If the voters get jittery over a business slump, how long can even a Republican administration wait for that theory to prove itself?

• **Pump-Priming**—That eventuality could be Dewey's biggest problem. It's a cinch that, after Roosevelt, he can't just let the business cycle run its course.

He might try pump-priming. But what could he use to prime our \$250-billion pump? Back in the thirties, public works—at least on the scale Congress was willing to approve—failed to take up all of the sag. There's one handy, tempting alternative: armament. Hitler's Germany and the U. S. of 1940 and 1941 both proved that armament will do the job. But that points down a dangerous road.

This year Republicans in Congress produced another device for handling economic troubles. That was the Taft voluntary-allocation law, with its joint industry-government planning under an antitrust waiver. Perhaps a Republican administration might extend the idea. But Dewey would find it hard to make that work any better than Roosevelt did in NRA days.

• **Brand-New Problems**—Once inflation ends, come depression or not, the Dewey administration will have a job to do: finding new machinery to handle the new factors in the postwar U. S. economy.

For example:

**Big Labor:** It was in the war years that unions got so big that their ruckuses with big industry could shake the country. The war labor machinery kept things quiet then; while inflation lasts, a pay boost can always head off disaster.

But once that easy out is barred, Dewey will have to face the problem of the superunions. Can he break them up while industry stays big? Can he make compulsory arbitration palatable? Can he find some other formula?

**Big Government:** No economy drive now can cut government back to prewar proportions. Some \$15-billion or more are frozen into things like debt service and social security. Another \$5-billion support foreign programs and \$14-billion are military; Dewey will be doing well if he can keep those from increasing.

Today's tax laws were never designed to produce this scale of revenue; they're up for revision. And that means decisions that could be crucial when the inflation curve tips: Take from the bottom and you cut consumption; take from the top and you cut capital formation.

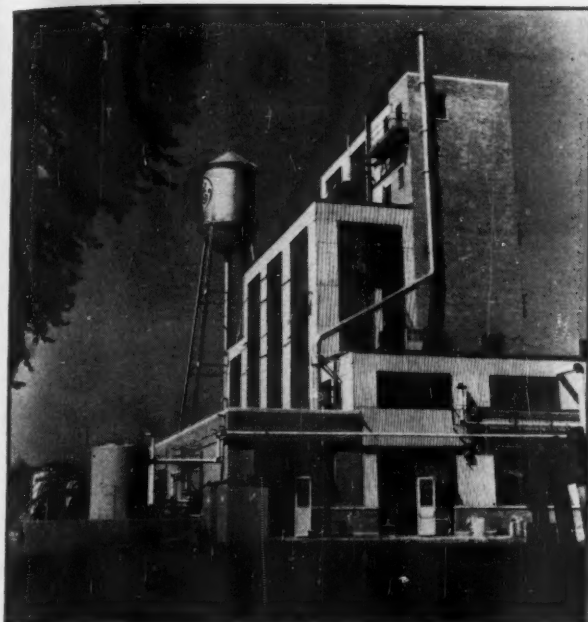
**Regimented Agriculture:** Today, worldwide food production and consumption are close to balance. Rising world population and U. S. full employment have eaten up the prewar surpluses and the wartime gains in U. S. yield. This could be the chance to cut agriculture loose from the government's apron strings; Republicans haven't made up their minds.

There's a big risk involved. The balance is precarious; any slackening of employment could start surpluses piling up in the elevators. Trouble on the farm might be the trigger for recession.

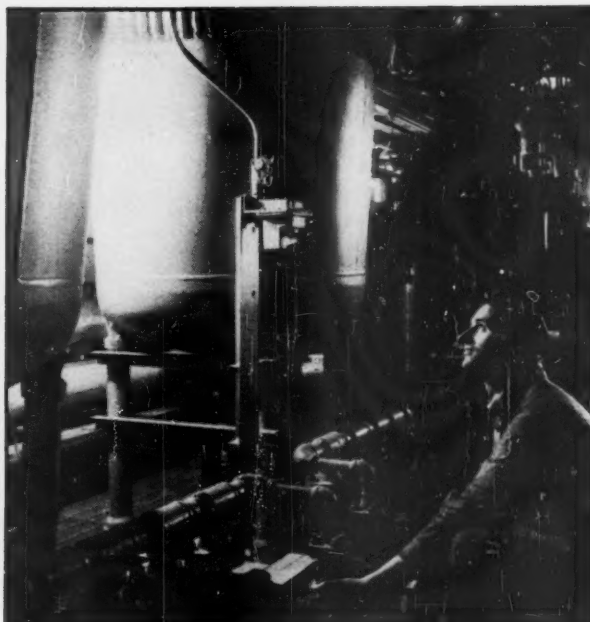
• **Opposition No Longer**—If Dewey wins, the G.O.P. position will differ in one fundamental way from the past two years. It will no longer be sitting in legislative judgment on policies proposed by an opposition administration; it will have to formulate its own policies—and carry them out.

The party in power during the next four years will have to work like a demon to make a showing—or risk losing the next election. Dewey and his men say they know that.





Chemical cooking is done in this new plant, while . . .



Chemical reactions take place in another new building as . . .

## G. E.'s Silicone Production Goes Commercial

Silicones (inorganic-organic synthetics made from sand and carbon) mean "bouncing putty" to many. But to General Electric Co. they mean big future business in rubber, resins, oils, greases, water repellents (BW—Mar.29'47,p47).  
**• Bigger Output**—This week, G.E. said its multi-million dollar investment in silicones—a new plant at Waterford, N. Y.—was ready for full-scale operation (pictures above). Silicone manufacture is part of G.E.'s Chemical Dept.

G.E. cited four new uses:  
**Silicone-rubber coated glass cloth.** It withstands temperatures up to 520 deg. F.

**Silicone adhesive.** Resilient and flexible from 70 to 520 deg. F, it will bond silicone to silicone, or silicone to metals or ceramics. It will also bond glass to glass, glass to metal, or metal to metal.

**Silicone oils** as mold-release agents in diecasting operations. The stuff eases removal of the aluminum or zinc part.

**Water-repellent** for concrete and cement products. Although not quite ready for commercial use, it's under study now.

Silicone applications are expected to grow steadily, since G.E.'s new plant will help step up output. Up to now, Dow-Corning Corp., Midland, Mich., has been the only manufacturer operating a plant on a commercial basis. Dow-Corning, however, uses an entirely different manufacturing process.

## Postal Rates Up

**Post Office Dept. wins \$100-million boost in rates to help offset higher wages. There'll still be a deficit.**

It's going to cost you more money to do business with the postman next year. Rates are going up. A bill on the President's desk at midweek and almost certain to be signed would raise postal workers' salaries \$450 annually. A \$100-million boost in postal charges, effective Jan. 1, 1949, is to help pay for the hike.

The increase was barely half what the Post Office Dept. asked (BW—Apr. 24'48,p60). And it won't begin to meet the estimated cost of the salary boost—\$225-million. So even with higher postage rates, Uncle Sam will have to dig deeper into the Treasury to make up

the deficit. For fiscal '48, which ended this week, estimates put the department \$345-million in the red.

**• Categories Covered**—Here's what the new rates will do:

**Air Mail.** Letters will go up from 5¢ to 6¢; postcards by air mail will cost 4¢ each; this is a new category; the Post Office Dept. expects the cards to cut down on air mail letters.

**Third-Class Mail.** (circulars, printed matter, parcels weighing less than 8 oz.). The regular rate for third-class mail is increased 1¢ for the first 2 oz. The bulk rate for identical pieces under permit is increased 2¢ a lb.; the present minimum of 1¢ per piece is retained. The rate for books and catalogs is upped from 1¢ to 1½¢ for each 2 oz. The bulk rate for identical pieces under permit goes from 8¢ a lb. minimum to 10¢ a lb. minimum.

**Parcel Post.** These rates are raised approximately 28%. Revenue from catalogs will be upped by about 50%. Books will go at a flat rate of 8¢ for

the first pound and 4¢ for each additional pound; the present book rate is 4¢ for the first pound and 3¢ for each additional pound.

**Money Orders.** Rates go up sharply. The fee for orders up to \$5 is raised to 10¢. For \$5-to-\$10 orders, the fee will be 15¢. From \$10 to \$50 it will be 25¢; from \$50 to \$100, 35¢.

**Other Boosts.** The bill also sets higher rates for the following: special delivery up from 15¢ to 15¢; postal notes; registry; insurance; and C.O.D. service.

Notable omissions from the list of boosts are: second-class mail (included in the bill when it was introduced), and the first-class mail.

**• Why the Deficit**—There are two main causes for the whopping Post Office deficits: (1) payments to airlines, which pushed the 1947 deficit for domestic air mail to almost \$19-million; and (2) the huge amount of franked mail (free mail for congressmen and official government business)—which at regular postal rates would bring in around \$100-million.



# 1 Cincinnati's Downtown Look . . .

This modern building, the 45-story Carew Tower, is owned by John J. Emery. He believes Cincinnati should have more like it



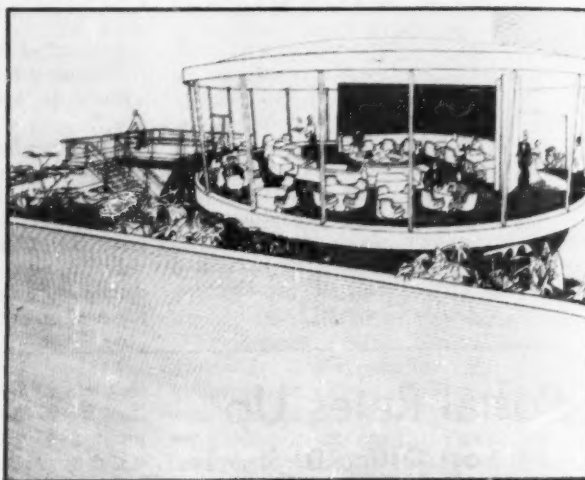
# 2 . . . Once Rundown, Is Getting a Lift . . .

This motley batch of eyesores, on Cincinnati's Sixth St., caught Emery's eye as a likely spot to put his talk to practice



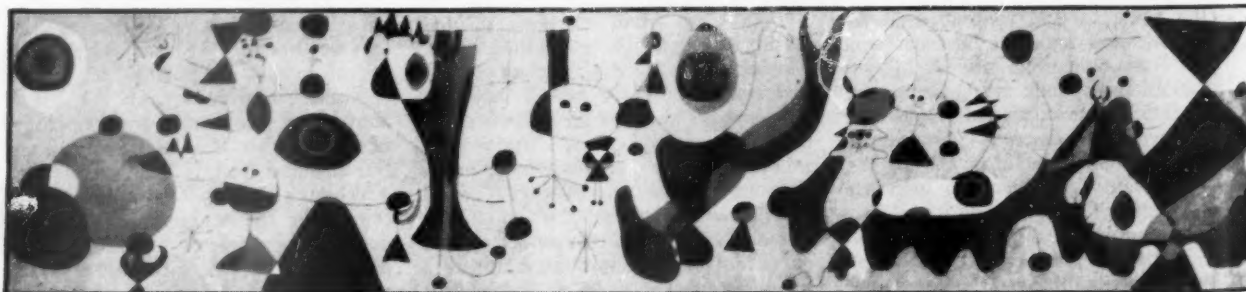
# 5 . . . Heated Sidewalks

To ease future maintenance costs, features like hot-water pipes under the sidewalks were installed



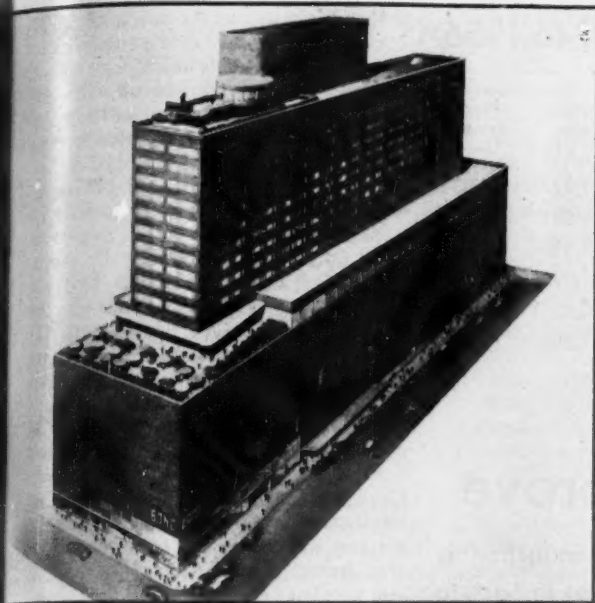
# 6 . . . A Gourmet's Penthouse

Prices in this deluxe, glass-enclosed penthouse eating spot will be as fancy as the surrounding decor



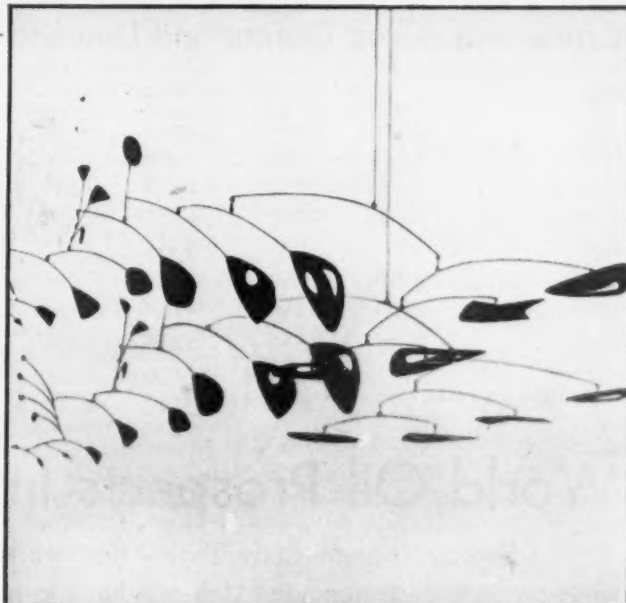
# 7 . . . And a Mural by Miro

Carrying out the modern motif to the Nth degree, the architects approached Manhattan's Museum of Modern Art for likely artists to do a suitable mural for penthouse. Spanish-born ectoplasmic surrealist Joan Miro got the job



3 ... With a New Hotel Which Features ...

Architects came up with this eight-story windowless base for commercial space, topped by 11 floors of hotel



4 ... Ultra-Modern Knick-Knacks

The decor includes this Alexander Calder "mobile" called "Twenty Leaves and an Apple"

## New Hotel Spruces Up Cincinnati

In Cincinnati this week, painters and decorators are rushing the finishing touches to the most modern, most talked about building in the city—the Terrace Plaza Hotel. The building is the work of a man who is practicing what he has preached in the past.

John J. Emery, president of Thomas Emery's Sons, Inc., has long criticized Cincinnati's failure to keep its business district abreast of modern trends. Several years ago his company, a family enterprise of 100 years' standing in Cincinnati, acquired a block on Sixth St. Emery vowed that the building erected on the site would be one of the most modern anywhere. The only question was: What kind of building would bring the best return? A store? An office building? A hotel?

**Compromise**—The answer was a compromise. Emery realized that to get the best return on a modern building, as much space as possible had to be devoted to merchandising. Thus, the first seven floors of the Terrace Plaza Hotel building are taken up by stores and offices. The hotel itself begins on the eighth floor, after a wide setback. Emery considered using the top floors as office space. But the hotel won out when a study showed that, size for size, a hotel could earn 2% more than an office building.

The building was designed by the architectural firm of Skidmore, Owings & Merrill. When Emery called the firm in, he had never designed a hotel. But he was not as pleased. He wanted a layout that

contained nothing conventional for convention's sake.

• **Floors of Stores**—The architects obliged. The sweeping, windowless, eight-story base, 400 ft. by 90 ft., is the latest word in store buildings.

Space in it was leased early in the planning stage. J. C. Penney Co. has 200,000 sq. ft. of the area—more than half the bottom seven floors. On the other side, Bond Stores, Inc., has 56,000 sq. ft.—more than a quarter of the space up to the sixth floor.

Both of the stores are on 30-year leases and pay their rent on a percentage-of-the-sales basis, with a minimum guarantee. The 20,000 sq. ft. of office space over Bond's side has been leased by big names like Ford Motor Co., Lever Brothers, American Cyanamid. Most of the lower-floor tenants have already moved in. Bond's rushed in last November, before the hotel even had a roof over it. Penney moved in in March.

• **Eighth-Floor Lobby**—The hotel lobby is on the eighth floor of the building. Guests are whisked up from the street in non-stop express elevators. The terrace formed by the eighth-story setback will be used for dining in the summer, ice-skating in the winter.

The hotel's inside is as modern as its outside. The rooms are neat livingrooms by day, practical bedrooms by night. Day beds, like those pioneered by Hotel Statler in Washington, do the converting trick. There are modern, multipurpose cabinets in each room that act as luggage

compartment, built-in desk, and bar. Rooms are lighted indirectly, and there are no floor or table lamps. Another feature of the hotel is that it has no public meeting rooms. Emery thought that his nearby Netherland Plaza Hotel had enough accommodations of this sort.

• **Financing**—The exact cost of this postwar pipe-dream-come-true is a matter of guesswork. Emery says simply that it will cost "more than \$12-million" (a figure which includes all construction work as well as hotel furnishings). But in Cincinnati business gossip, the figure runs from \$16-million to \$18-million. Construction was financed in part by a loan from Prudential Insurance Co. of America. Prudential now holds mortgages of \$23-million on Emery properties, including the Netherland Plaza, Carew Tower, and other units.

Actually, early cost estimates do not give an exact comparison to whatever the final cost may be. Many features were added to the hotel while it was abuilding, even if they weren't in the plans. E. F. Ireland, Emery vice-president, explains Emery's theory this way: It's better to spend money now on "features that will keep down maintenance costs later."

Construction is about eight months behind schedule. Emery has been plagued with the usual run of postwar ailments: strikes and delays in getting necessary materials.

As the opening date approaches, Emery has his fingers crossed that there won't be any last minute hitch.



## Crude and Allied Output and Demand: 1946-1956

|            | (Daily averages in thousands of bbl.) |                 |                    |                    |                  |                  |
|------------|---------------------------------------|-----------------|--------------------|--------------------|------------------|------------------|
|            | U. S.<br>Output                       | U. S.<br>Demand | Foreign<br>Output* | Foreign<br>Demand* | World<br>Output* | World<br>Demand* |
| 1946 ..... | 5,073                                 | 4,912           | 2,240              | 2,257              | 7,313            | 7,169            |
| 1947 ..... | 5,449                                 | 5,449           | 2,578              | 2,583              | 8,027            | 8,032            |
| 1948 ..... | 5,806                                 | 5,795           | 3,075              | 2,738              | 8,881            | 8,533            |
| 1949 ..... | 5,975                                 | 5,950           | 3,415              | 2,917              | 9,390            | 8,867            |
| 1950 ..... | 6,148                                 | 6,150           | 3,722              | 3,081              | 9,870            | 9,231            |
| 1951 ..... | 6,328                                 | 6,350           | 4,057              | 3,284              | 10,385           | 9,634            |
| 1956 ..... | 7,185                                 | 7,380           | 4,658              | 3,976              | 11,843           | 11,356           |

\* Exclusive of U.S.S.R. and satellites.

## World Oil Prospects Improve

Socony-Vacuum study shows that world production is catching up with demand. But U. S. will have to rely on imports to fill all its needs. And the trade thinks prices may go higher.

When will the world produce enough oil to go around?

Up to now the answer hasn't looked too promising. There have been pipeline troubles in the Middle East (BW—Jun. 26'48,p117), shortages in the U. S. (BW—Feb.14'48,p21), unsatisfied demands in Europe.

But this week there was some encouraging news. In the U. S., the Interior Dept. thought that the short-range view looks brighter: It scouted the possibility of a domestic gasoline shortage this summer, forecast fuel oil will "not be quite so tight" as last winter.

• **World Picture Improves**—Better yet, Socony-Vacuum Oil Co. took hope in the longer-range prospects: It said that (1) the world oil supply is just about over the hump of demand, and (2) the global picture will improve steadily for the next eight years at least (table).

Socony-Vacuum's forecast was prepared by the company's economists. It covers the world—excluding Russia and its satellites—through 1956. Socony intended the study as guidance for its executives, but the findings are of wider interest.

• **Conditions**—Socony figures that increasing world supply will more than keep pace with world demand. It will, that is, if several assumptions work out. The most important is that the crude oil can be refined and shipped where it is needed. Here are some of the necessary conditions:

THERE MUST BE PEACE in the great producing areas of the Eastern Hemisphere.

ENOUGH EQUIPMENT must be available for drilling and for expanding crude production to meet the goals.

REFINING CAPACITY must be increased, particularly abroad.

TANKERS must be built; oil pipelines must be laid down.

• **U. S. Must Import**—The study also points up a trend of great significance to the U. S.: For the first time in a quarter of a century, we are certain to be on a net import basis.

In 1947, U. S. demand—perforce—was limited to supply, or about 5.5-million bbl. daily. By 1956 demand is expected to reach nearly 7.4-million bbl.—or about 195,000 more than the domestic production at that time.

Thus, what happens to oil production in Venezuela and Saudi Arabia becomes of major interest to the U. S. and its businessmen. More and more, the thinking and planning of management must take into account the world oil outlook.

• **Global Outlook**—Here is the way the world picture looks now:

WORLD PRODUCTION of crude oil and allied products (mostly natural gasoline extracted from natural gas) last year averaged 8-million bbl. daily. By 1956, this figure will top 11.8-million bbl. daily—a 47.5% increase in a single decade.

FOREIGN OUTPUT is expected to go up much faster than domestic. During 1947-1956, foreign output will be boosted 80.7%, U. S. output almost 32%. But even so, the U. S. will still account for the major part of world oil production: 7.2 million bbl. daily as against 4.7-million bbl. for the rest of the world.

WORLD DEMAND for oil last year was 8-million bbl. daily. By 1956 it is expected to reach 11.4-million bbl. daily, a 41.4% climb. This means

that last year's world deficit of 5,000 bbl. a day will turn into a comfortable surplus of 487,000 bbl.

• **Higher Prices, Too**—In all, the increase in foreign production will outpace foreign demand. The anticipated foreign demand of nearly 4-million bbl. a day leaves an estimated 682,000 bbl. daily surplus on which the U. S. can draw.

Prices—which Socony does not cover—will probably be something else again. U. S. users, in particular, can look for continuation of present levels—maybe some boosts. There are two reasons: (1) the high level of demand and (2) more transportation costs as more oil comes in from offshore.

• **Rest of the Picture**—Optimists should remember, however, that a favorable oil supply, in itself, is not the whole answer. Crude oil must be refined into usable products. These must be moved to the markets where they are consumed. And that brings refining capacity, tankers, and pipelines into the calculations.

The oil refining picture in the U. S. looks bright; that in foreign countries, dark. The U. S. has enough refineries, built or planned, to handle our needs until 1950 or 1951. Thereafter building programs big enough to add 700,000 bbl. daily by 1956 will be required.

• **Foreign Refineries**—But foreign refinery capacities are woefully short. And unless contemplated additions come through, shortages abroad will be even greater in the years ahead.

This stop-gap solution has been suggested: Send some surplus foreign crude to this country for processing and re-export. "For the next couple of years there seems to be sufficient refinery capacity in the U. S. to allow for this, if tankers are available," the Socony report says.

To assure sufficient tankers, new ship construction must raise the available world tanker fleet from 1,026 vessels in 1948 to 1,264 vessels in 1956. Further, retirement of over-age ships (a factor that cannot be gaged accurately) could change the picture.

• **Pipelines Needed**—Substantial increases in U. S. and foreign pipeline capacities must also be made over the next decade if the industry is to avoid a bottleneck.

To handle the predicted rise in U. S. crude production, the industry must raise the nation's pipeline capacity by 333,000 bbl. daily in 1948; 144,000 bbl. daily in 1949; 148,000 bbl. daily in 1950; 155,000 bbl. daily in 1951; and 146,000 bbl. daily in each of the succeeding four years.

• **Foreign Pipelines**—Foreign pipeline capacity will be sufficient if presently planned lines in the Middle East and South America are completed as scheduled. But this whole schedule may well have been thrown awry by the Commerce Dept.'s decision to hold up—for

a time, at least—the shipment of steel pipe for the giant trans-Arabian pipeline (BW—Jun.26'48,p117).

It's too early to gage what effect this shift in transportation policy from pipelines to tankers could have on over-all petroleum distribution. Certainly it will alter the pipeline and tanker supply situation in this country, as well as throughout the rest of the world.

## Set for Draft

**Communities meet drain on industry manpower by filling quotas with volunteers, not draftees. Services cooperate.**

When the country tried peacetime compulsory military service for the first time in October, 1940, no one worried much about what the draft would do to employers. Then gradually—as draft quotas were stepped up, war business piled in, and the labor market tightened—employers felt the squeeze, hard.

• **Civilians Alert**—This time, communities are on the alert to ease the pinch on industry. Even before the draft bill became law last week, several cities over the nation were ready for it. Their main line of attack: to encourage voluntary enlistments—thus reducing the number of men who would have to be taken from their jobs by the draft. Under the law, voluntary enlistments are credited to the draft board's quota in each community.

• **Enlistments Encouraged**—Take the case of Syracuse, N. Y., for example. Here is one city with a full-fledged civilian "military manpower commission." The commission works with the Army and Air Force. Its purpose: to provide the services with men who will make careers of military life. It encourages veterans to enlist, and educates young people and their parents in the advantages of a service career.

That line suits the Army and Air Force fine. They would rather have their ranks filled with volunteers than with draftees any day. And they would like to get as many veterans back as possible.

• **Activities**—So the commission program had the services' entire blessing when Donald S. McChesney, record-book manufacturer, presented it to the employment council of the Manufacturers Assn. of Syracuse. McChesney, a member of the commission, showed the council what it could gain by cooperating with the recruiting program: It would simply mean that fewer men would have to be drafted from jobs later on. Employment managers of 38 companies went along with the idea. They agreed to talk up enlistment op-

portunities to job seekers for whom they had no openings, refer them to the Syracuse recruiting station.

Besides McChesney, the Syracuse commission includes: Nicholas Ferrante, a labor leader; City Councilman Alfred M. Haight and the director of the local veterans' agency, Harvey S. Smith.

In June, commission members talked up Army and Air Force opportunities to high school graduating classes, veterans' clubs, and parent-teacher associations. Their program was played up on the radio and in newspapers. Through factory employment offices, the commission has followed up prospects—but it's always careful not to compete with industry for men.

• **Payoff**—The result was that during the last two months, Syracuse has gone over the quota which the Army and Air Force had hoped it would reach.

It was the Army and Air Force Recruiting Service that suggested the committee scheme to Syracuse. It hopes to set up such civilian public relations groups in every town that has a recruiting station. About 2,000 of these are spotted around the country.

The Army and Air Force Recruiting Service can be reached through the Department of the Army, Washington 25, D. C.

## JOBS FOR PROFESSORS

Monsanto Chemical Co. is going to give college and university teachers of chemical engineering a chance to get

"on-the-job" experience with the company. Faculty members picked for a part in the program will be paid a regular salary by Monsanto, plus expenses for moving to and from the plant where they'll work for a year.

Aim of the plan is to give younger teachers practical experience in industrial operations. After their stint with Monsanto, the teachers will be expected to resume their faculty posts for at least a year.

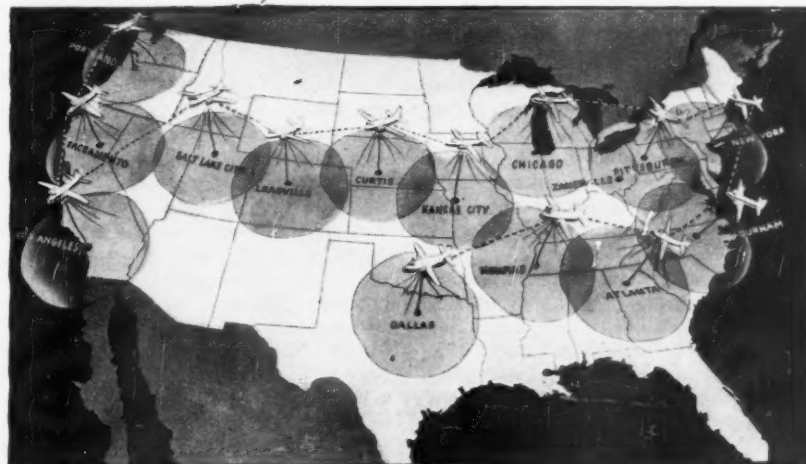
Monsanto already has the reverse of the program in operation for its own personnel: Company scientists can go back to school for a year of study at full pay.

## WARD'S REBUILDS

Chairman Sewell L. Avery of Montgomery Ward & Co. is taking steps to rebuild his shattered executive organization:

Last week Ward's named W. H. Sahloff vice-president and general merchandising manager. He was assistant general merchandising manager, has been with Ward's since 1940. Sahloff takes the place of Laurence H. Odell, who quit with several other executives in their fight with Avery (BW—Jun.26 '48,p24).

A few hours earlier, after a talk with Avery, vice-president Charles M. Odorizzi made an announcement: He will stay with the company. Odorizzi runs mail-order operations; the trade had heard gossip he would quit.



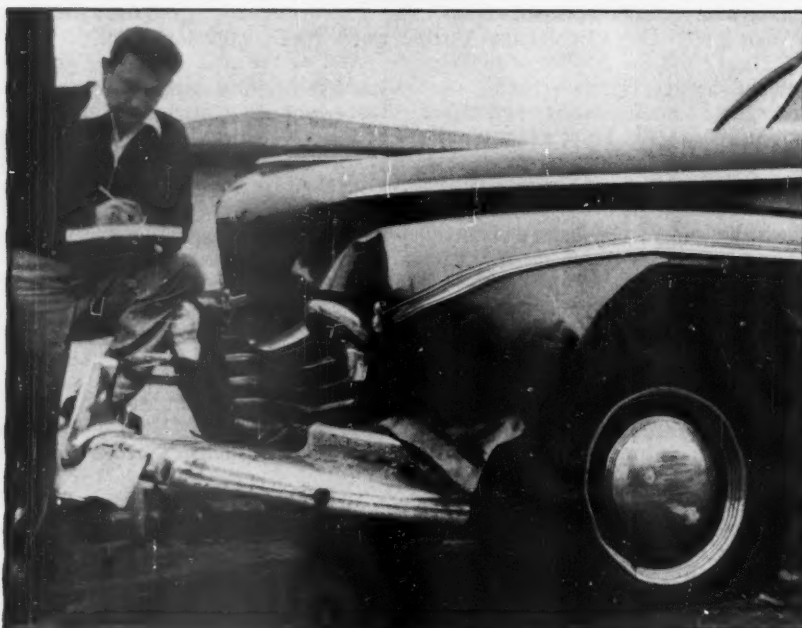
## Airborne Video Gets FCC Hearing

Westinghouse Electric Corp.'s request for a license to operate a flying television station over Pittsburgh came up for a Federal Communication Commission hearing this week. Westinghouse, together with Glenn L. Martin Co., has been working on the project for three years (BW—Aug.11'45, p94). The basic idea came from the fact that television broadcasts from towers cover

a limited radius. But a plane transmitting television at 25,000 ft. over Pittsburgh, says Westinghouse, can cover an area of 525 miles across.

A network of planes (map, above) could blanket the nation. But the idea, called Stratovision, is still in an experimental stage. And it likely will be opposed by applicants for individual television stations.

# INSURANCE



**Repair Cost: 1941, \$220; 1948, \$375**

This blitzed car front would have set you back \$220 seven years ago, Diehl's Service Station, Woodside, L. I., figures. Today, costlier labor and parts make it a \$375 job.

## Why Auto Rates Are Rising

**Fourth insurance hike since the war reflects rising repair costs. New designs will bring new increases—though amounts vary widely with car and location. Illinois is latest to boost rates.**

The higher cost of repairs is one big reason why you'll probably be paying more to insure your car this year. So far in 1948, the National Bureau of Casualty Underwriters has raised auto liability rates in 35 states. Last week Illinois joined the parade with a rate boost of about 15%.

• **High Cost of Repairs**—That's because nowadays it takes more money for new parts—and the labor to do the patching up. Repairs to people cost more than they used to, too, and time lost from work is worth more in damage verdicts.

Claims for bodily injuries haven't caught up with property-damage claims yet. The average property-damage claim today is double what it was in 1941; the average bodily-injury claim is up only about 30% so far. One reason: It's easy to settle a property claim because it doesn't take long to figure the cost of a broken radiator. But a person hurt by a car may not recover for months—and doctors have to decide on permanent disability.

• **New Designs**—Another factor that will boost the cost of auto insurance: the new pontoon-shaped automobiles. Fewer

—but bigger—stampings go into the post-war models. So, when part of the body is damaged a larger section may have to be replaced. A smashed fender on these cars may turn out to be a major repair job. Now that car bodies are wider and runningboards are out, even a minor sideswipe could mean a big bill. And the fancy radiator grillework costs fancy prices to replace.

Insurance underwriters expect these features will show up in higher rates later on.

• **Fourth Round**—This latest set of rate boosts is the fourth general hike in auto liability rates since the war. And there have been two rounds of increases in physical damage insurance rates. Auto liability insurance protects you against damages your car may cause other people or their property. Auto physical-damage insurance protects you against damages to your own car. There are physical-damage coverages for collision, fire, theft, and a combination ("comprehensive") policy for both fire and theft.

• **Liability Rates**—The third round of increases in auto liability rates (early

last year) raised bodily injury rates about 11% above the 1941 level and property damage rates about 74%. You can't tell yet how far the fourth round will go, because there are still increases to come in other states.

• **Typical Boosts**—Here are some typical National Bureau boosts in liability insurance in 1948 over 1947:

**Wisconsin**—Private passenger cars, up about 15% for bodily injury, 9.8% for property damage. Commercial cars, up 11.4% for bodily injury, about 9% for property damage.

**Connecticut**—Private passenger cars, up 8% for bodily injury, and nearly 15% for property damage. Commercial cars, down 6.7% for bodily injury and no change for property damage. (Connecticut got a traffic safety award from the National Safety Council in 1947.)

**Utah**—Private passenger cars, up about 13% for bodily injury, up 22% for property damage. Commercial cars, no change in bodily injury, but up about 20% for property damage.

Revised rates in other states varied according to the underwriters' experience. A few rates stayed the same. A few were reduced.

• **New Class**—A new rating class is being introduced this year that will raise rates for all private passenger cars an extra 18% when they are driven by drivers under 25. Reason: The number of accidents in which young drivers are involved is on the increase. It's estimated that drivers under 25 were involved in more than 25% of U. S. auto accidents last year, though they number less than 20% of U. S. drivers.

Suppose you use your car only for pleasure driving. If you have a son or daughter under 25 who drives the car, it would cost you \$71.80 to insure it in Illinois today for \$10,000-\$20,000 bodily injury liability and \$5,000 property damage liability. (First amount in the hyphenated figures is the limit the insurance company will pay for any one injury; second amount is their limit for all injuries in one accident.) In October, 1945, after gas rationing was lifted, and rates had already risen from the wartime level, the same protection would have cost you \$34.65.

• **Physical Damage**—It's hard to state in general terms what the rate changes are in automobile physical-damage insurance—collision, fire, and the like. Percentage increases have been at least as high as liability insurance boosts. But the rating system for any individual car is quite involved. The rate varies with an auto's price range, age, and location.

Suppose you live in South Dakota, and have a 1947 Buick "Special" sedan of the 40 series which was brand-new in May, 1947. Today it would cost you \$84 for a "\$25 deductible" collision policy. ("25 deductible" means that the insurance company doesn't pay the first





**MEET THE  
100,000 OWNERS  
OF A  
PROGRESSIVE  
OIL COMPANY**

**T**HE real ownership of Sinclair Oil Corporation is in the hands of small investors. More than 100,000 of them—41% women—hold the capital stock of Sinclair. The average holding is less than 125 shares.

Geographically, Sinclair ownership is spread around the world . . . its dividends are distributed to shareholders in every state of the Union and in many foreign countries. From these shareholders have come the savings which developed the natural resources, drilled the wells, built the pipelines, refineries and service stations . . . all putting to daily use one of the world's most essential commodities.

Thus, the worldwide scope of Sinclair's operations is matched by an equally wide ownership in the hands of the public.

This ownership is healthy. It represents a vital public interest in producing more and more oil to meet the country's ever growing needs. It is one of the reasons Sinclair is a "Great Name in Oil."

**SINCLAIR OIL  
CORPORATION**

630 Fifth Avenue • New York 20, N. Y.

\$25 of any loss.) If you live in New York City, the same policy for the same car would cost you \$160. If you live in the suburbs the cost would be \$118. If the car had been delivered to you new several months later it would be in another age class—which might change the rate.

Most physical-damage policies are written on the actual value of the car. The insurance companies set their rates

for older cars on the assumption that these would depreciate below original cost. Now that older cars are often worth more than original cost, the insurance companies have had to boost rates for older cars more than for new ones. The general postwar increases in physical-damage rates came in 1946 and 1947. No new rises are expected in the immediate future.

## Fire Reciprocals Booming

In this little-known type of insurance, a select group of buyers gets together to underwrite each other's possible losses—up to a specified limit. Careful risk selection can keep cost low.

The form of property insurance called "reciprocals" is little known by most buyers of insurance. Such concerns do only about 1% of the total U. S. fire insurance business (they also write casualty insurance).

But the trade is well aware of the competition from one group of six fire reciprocals known as Associated Reciprocal Exchanges. This week, A.R.E. totted up its net premiums written during the first half of 1948, found they were up 28.6% from the same period in its previous record year, 1947. A.R.E. also announced that during 1943-1947 it had returned to members of its blue-ribbon reciprocals an average of nearly 37% of their original premiums.

• **What It Is**—In a reciprocal exchange, the policyholder (called a subscriber) pays a premium which is comparable to the rates charged by other insurance carriers. He underwrites all the other subscribers in the reciprocal up to a specified amount, several times his annual premium; beyond that he is not liable.

A manager (called an "attorney-in-fact") runs the reciprocal. Sometimes this manager is an individual; sometimes a special corporation is set up to do the job. The manager keeps separate accounts with each of the subscribers, returns to each of them his share of what is left over after losses and expenses have been paid. This dividend is called "savings." The subscriber does not get most of his savings until he has built up a specified reserve fund with the reciprocal.

• **Comparisons**—The reciprocal method should not be confused with self-insurance. Self-insurance is possible only for companies so big that their experience of losses can be fairly well predicted, and a company fund set up to iron out fluctuations. Nor is the reciprocal the same as mutual insurance. Mutual insurance companies are corporations, but reciprocals are not (although their managers may be). Most mutual policies aren't subject to assessment, but the re-

ciprocal may have to assess its subscribers.

A.R.E.'s manager is Ernest W. Brown Inc. It is now owned entirely by about 50 of its employees, none of whom holds more than 18% of the stock.

• **How It Works**—As Brown Inc. operates them, the reciprocals work like this: After establishing a credit rating, and after inspection by the A.R.E. inspection service to see if its property is a good risk, a company may become a subscriber to one of the reciprocals. Five of them, known as "the group," handle selected, high-class risks. (A risk is a single insured property.) The other one, Affiliated Underwriters, handles subscribers' lower-grade risks.

In each of the Brown reciprocals, the limit of each subscriber's liability is 24 times his annual premium for any one loss on any one risk, and 10 times the annual premium for all losses in any one year. Actually, Brown has selected its risks so well that no subscriber has ever been assessed.

• **Refunds**—Each new subscriber gets back 25% of his "savings" in cash at the end of the first year. The rest goes into his reserve account with the reciprocal. When the reserve fund is built up to five or six times his annual premium (the amount varies with different reciprocals) he gets all his savings back from then on. He also gets interest on his reserve account and on his cash savings while held by the exchange. (Most of A.R.E. assets are in government bonds and cash.)

The first A.R.E. reciprocal was founded in 1881. About 2,200 companies are now subscribers. Among 50-year members: Allied Stores Corp., Lord & Taylor, B. Altman & Co., Tiffany & Co. of New York; Carson Pirie Scott & Co. of Chicago; Rice-Stix Dry Goods Co. of St. Louis; and Cheney Bros. of Manchester, Conn. The 25-year subscribers include: Brown Shoe Co. of St. Louis; Endicott Johnson Corp. of Endicott, N. Y.; F. & R. Lazarus & Co. of Columbus, Ohio; and R. J. Reynolds

Tobacco Co. of Winston-Salem, N. C.

• **Supervision**—A reciprocal exchange ordinarily has an advisory committee elected by the subscribers to keep tabs on the manager. The advisory committee's actual control over managers varies. In A.R.E. the committees may lay down general underwriting rules, can even reject risks accepted by the manager. They can also get rid of the manager on 30 days' notice.

Brown takes 5% of the premiums and interest earned as its fee for operating A.R.E. Some executive salaries are paid out of this 5%; other salaries and expenses are charged to subscribers. In other reciprocals the attorney-in-fact may take 25% or more of the income; in such cases he pays most or all of the expenses.

• **Advantages**—Brown thinks that reciprocals are able to solve the everyday problems of insurance buyers faster than some other types of insurance carriers, because they are small, and in close touch with their subscribers. A.R.E. prides itself on its inspection service, which plays a major role in saving subscribers money on their premiums. It's also proud of the fact that it has never had to pay a claim as the result of a court decision.

If reciprocals return so much savings to their subscribers, why haven't they driven other kinds of insurance carriers out of business? There are several reasons:

(1) Savings vary with different reciprocals. A.R.E.'s good record is due to its choosiness in picking subscribers.

(2) A great deal depends on the ability of the reciprocal manager.

(3) Much of the reciprocal's effectiveness depends on its small size, the closeness of its top officers to subscribers.

(4) The possibility of assessment.

A.R.E. sticks to fire insurance, though other reciprocals write a good deal of casualty business. Its reason: Settlement of casualty lawsuits is uncertain, can't be predicted as accurately as fire losses.

## Cops' Key Canvass Cuts Insurance Losses

It's often a headache for police to find the man with the key to unguarded business property in cases of emergency. San Diego's cops think they have a cure—that will save them from having to break into business places.

They recently made a door-to-door canvass of all business establishments, except those in office buildings or guarded factories. Now, at an instant's notice, their file turns up name, address, and telephone number of every employee with a key. Principal beneficiaries are insurance companies—fewer plate glass windows to replace.

# UTILITIES



## FULLY ELECTRIFIED FARMS USE . . .

Dalia farm, not far from Detroit, is good example of why utilities will push farm electrification. Dalia uses 13,000 kwh. a year against a good annual farm average of 2,260



## . . . MORE CONTROLS . . .

Dalia's switches and fuse boxes alone represent an investment of some \$300



## . . . MORE EQUIPMENT

This 7 1/2-hp. motor runs hay drier. Some farmers like stronger motors for this

## Farms: Outlets for Power

Although rural market is 82% wired for juice, it's still barely tapped. More machinery means demand for more power.

The day of the lantern and the kerosene lamp are about over on farms. Utilities have brought electricity to the great majority of them. Last week Charles E. Oakes, president of the Edison Electric Institute, said the job of putting up posts is almost done: 82% of all rural dwellings in the U. S. are wired for juice.

But that doesn't mean the rural mar-

ket is near saturation. It's just barely tapped, in fact, for if and when farmers hitch more and more machinery to volts, the rise in "load" will go up steeply.

• **Two Aspects**—To the utilities, that's both a joy and a challenge.

The cheery side, of course, is the potential market for much more power.

The big challenge will be strength-



## GOOD NEWS

The development of inking rolls, offset printing blankets, and printing plates made from *Perbunan* rubber is good news to an increasingly cost-conscious newspaper and printing industry. The remarkable durability of *Perbunan* under frictional wear means long-lasting flexible parts.

In *Perbunan*, many different industries are finding a long needed material for flexible machine parts subject to heavy abrasive wear, extreme temperatures, and the destructive action of oils, fats, and acids.

Maybe you have a place in your manufacturing process where *Perbunan* . . . alone or in combination with other materials . . . may be just the answer to a bothersome production problem. For more information on the many uses of this versatile material, please write to:

## ENJAY COMPANY, INC.

ESSO BUILDING, 15 W. 51st ST., NEW YORK 19, N. Y.



The special rubber that resists oil, air, water, heat, cold and time  
Copyright 1948 Enjay Company, Inc.





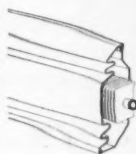
**DUNHAM**  
delivers comfort

**WITH PRECISION PRODUCTS  
FOR EVERY TYPE OF  
HEATING SYSTEM**

Dunham "System Engineered" products help heating systems operate more efficiently, require less maintenance, deliver real heating comfort. They're designed by engineers with years of experience in the manufacture of heating systems for America's largest buildings.

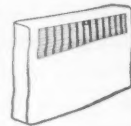
**FOR HOMES**

*Simplified Baseboard Heating. Original Dunham engineering research and design offers simpler installation and maintenance and more efficient operation. One continuous pipe hidden in the baseboard heats the entire home!*



**FOR OFFICES**

Dunham convectors are attractively designed in floor and wall types. Quiet in operation. A variety of styles and sizes for every interior.



**FOR FACTORIES**

Use Dunham unit heaters for warmth where you want it—when you want it. The "Downflo" type (illustrated) and others in propeller and blower types feature rugged construction, compact design and greater flexibility in application.



**FOR SYSTEMS**

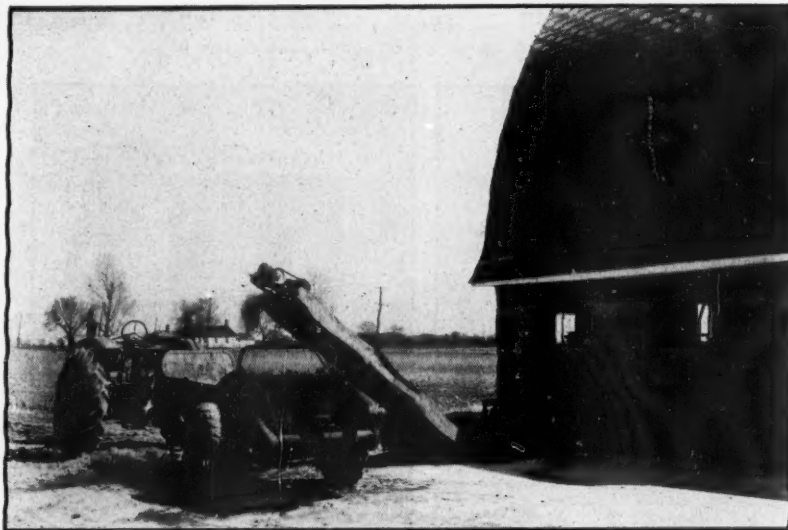
Dunham Traps and Valves have been outstanding in design, construction and performance for over 40 years. Available in wide range of dimensions, capacities and applications.



**C. A. DUNHAM COMPANY**  
400 WEST MADISON STREET, CHICAGO, ILLINOIS  
COPYRIGHT 1948



**WORK SAVER, LIKE THIS ELECTRIC GUTTER CLEANER . . .**  
Farmer Dalia used to spend an hour and ten minutes cleaning the gutter astern his dairy cattle. This electric-driven endless track does the job in five minutes



**. . . DUMPS MANURE INTO WAITING SPREADER**

Out of the barn, up through the inclined trough flows manure. It is dumped into the tractor-drawn spreader, then taken out to fertilize the farm's 110 acres

ening part of the network of line. Today this network is already taxed. With a real jump in load, it will need bolstering.

• **Showplace**—If you want to see what an ordinary farm can become with complete electrification, take a look at the 110-acre farm of Adam Dalia, just outside Mt. Clemens, Mich. Dalia has been plowing his profits back into the farm ever since he bought it in 1939. In March, 1947, he remodeled it, put in a lot of electric equipment: water heaters, stoves, milkers, air compressors, workshop drills—even fluorescent lights. Some of the heavy equipment, like an electric silage unloader, is still to be installed.

Dalia is the kind of farmer that

utilities and equipment manufacturers hope to see more of. He is already sold on the idea that electricity helps make his farm work easier, and he is constantly on the alert for new, improved electrical equipment.

• **Three-Phase Question**—Dalia's farm happens to be equipped with three-phase power—a type that (1) permits use of heavy loads, but (2) costs a lot to install. Actually, Dalia could get by right now with the usual—single-phase—type (his heaviest motor is 7½ hp.). So, probably, could most farmers.

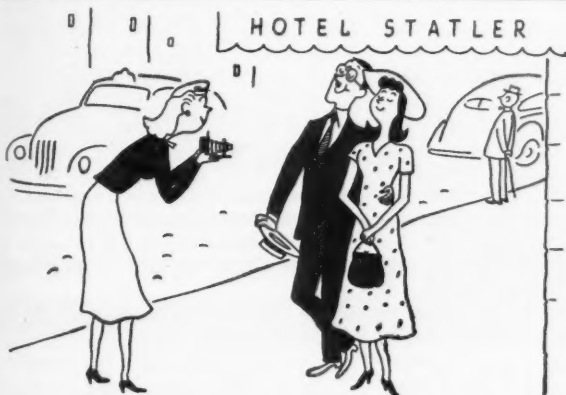
Anti-utility groups, though, have been nagging the power companies about that "phase" matter. They accuse the utilities of being derelict in not installing enough three-phase stuff to keep up



1. Fretful Fred and family found a swell surprise in store when on their summer journey they drove up to Statler's door—a brand-new Statler service, one to win a traveler's praise, a friendly "Service Aide" was there to help a hundred ways.



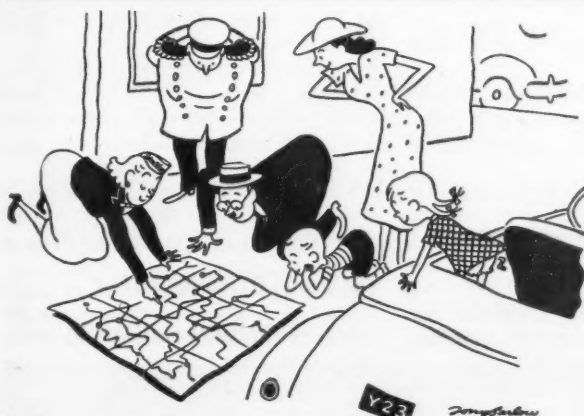
2. The "Service Aide" took charge of things; Fred didn't have to fret. Their spacious rooms were lovely, just the kind they'd hoped to get. Of course like all the Statler rooms, they had those famous beds with all eight hundred springs and more for travel-weary heads.



3. She knew the sights they ought to see and told them how to go, and she helped Fred and Mrs. Fred select their evening's show. She got a sitter for the kids so Mom would not be nervous, and took their pictures when they asked. (Another Statler service.)



4. A super Statler breakfast set the traveling family cheering. "I'm really sorry," Fred exclaimed, "the time to leave is nearing, for everything at this hotel—the meals and bath and bed—has exceeded expectations!" . . . "I agree!" cried Mrs. Fred.



5. The "Service Aide" was right on hand to wish them all farewell. She helped them plan the route to take and gave them maps as well. "No wonder travelers all," cried Fred, "rate Statler with the best, for these hotels sure make you feel you really are a guest!"



HOTELS STATLER IN BOSTON • BUFFALO • CLEVELAND  
DETROIT • ST. LOUIS • WASHINGTON

STATLER-OPERATED HOTEL PENNSYLVANIA HOTEL WILLIAM PENN  
NEW YORK PITTSBURGH

P. 5. Now you can make your reservations by teletype! Complete teletype service is now in operation in every Statler Hotel. For immediate replies, without uncertainty, use the teletype service near you.

Here's how to take

# THE FIRST STEP

towards  
**ENGINEERED  
LUBRICATION**

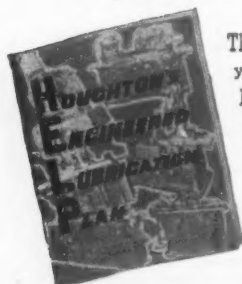
This is a suggestion for the plant executive who wants to check lubrication procedure, but who does not quite know where or how to start.

If you'd like to reduce the number of lubricants being used . . . to avoid chance of misapplication . . . to lower your over-all costs . . . to insure against machine down-time—then you'll be interested in Houghton's planned lubrication service.

The first step is easy and without obligation. Just write us for the folder below, and ask to have the Houghton lubrication engineer call for a preliminary talk. Then you can decide if you want to look further into the unusual merits of this plan. We believe you will.

**E. F. HOUGHTON & CO.**

303 W. Lehigh Ave., Philadelphia 33, Pa.



This folder gives you the basic idea behind our lubrication service. Reading time—6 minutes. Write for it.

with farm progress. This looks good on paper; but the power people have some brassacks answers:

- Farm mechanization is still so rudimentary that single-phase equipment will suffice for some years to come.
- To get electricity to the farms quickly, the utilities worked on the principle of breadth, not depth.
- When the rural market grows up to it, heavier installations will be made.
- Up-and-Coming—The biggest boost to farms electrification was the war. Hired

hands were short, but profits were long. Farmers began to put their profits into labor-saving electrical gear.

In Detroit Edison's area, in southeastern Michigan, nearly 40,000 farm families with electric service are already using an average of about 50% more current than their city cousins. Edison farm men predict that it may not be much more than five years before the push-button farm becomes commonplace in the prosperous territory it serves.

## Most Power Rates Stay Put

A few companies have asked for boosts to cover higher costs. But the majority is still trying to increase net by raising efficiency, holding down expenses, boosting high-rate sales.

Predictions that electric utilities would ask for rate hikes have been common recently. Electric power—uniquely—is selling below prewar levels. Meantime, the industry's costs—labor, fuel, new equipment—have been zooming along with other prices. Nevertheless, it's still unlikely that there will be any general rush by power companies to ask for rate boosts—for a while, anyhow.

• **Exceptions**—Here and there, though, a few companies have asked for rate or revenue boosts. Last week Detroit Edison Co. went to the Michigan Public Service Commission for the second time in three months. Its first request—for a revenue increase of \$6.2-million—hasn't been granted yet. That one was based on a reduction in discounts (BW—Apr. 3'48,p25). The new plea is for a "fuel clause" to apply to residential and commercial users. The company wants to add a surcharge of one-hundredth of a cent per kwh. for every 10¢ that coal cost exceeds \$6 a ton. Since the company is now paying \$8, that would mean an immediate boost of 2 mills per kwh. The annual revenue rise would be \$5.1-million.

Others that have taken some such action lately:

**Potomac Electric Power Co.**, Washington, D. C., has asked for a 10% residential and a 15% commercial increase.

**Georgia Power & Light Co.** recently won a fuel clause applying to residential and commercial customers. It's tied to the price of fuel oil; initial rate increase came to about 10%.

**Indianapolis Power & Light Co.** has been awarded a fuel clause on commercial and water-heating rates.

**Minnesota Power & Light Co.** has applied for a boost in wholesale rates.

**Central Maine Power Co.** wants an 8% general rate boost, to raise \$1,143,000 a year.

**Consolidated Edison Co.** of New

York is feuding with the city over the rate for service in city-owned housing developments.

**Cleveland's municipal system** wants a fuel clause, based on coal prices, to apply to industrial and commercial users.

**Atlantic City Electric Co.**, **Eastern Shore Public Service Co.**, and **Delaware Power & Light Co.** have all put in fuel clauses. They apply only to consumption in excess of 200 kwh. a month.

**Duke Power Co.**, in North Carolina, has asked for a fuel clause to apply only to power use beyond 15,000 kwh. a month.

• **No Trend Yet**—But in spite of these moves, there still isn't much of a trend—and what there is of it is toward "revenue" increases rather than out-and-out rate boosts. The utilities, being a regulated monopoly, can't simply raise prices to meet costs the way most other industries can. Application for higher rates to the proper regulatory body is a long and, often, expensive process. And even then, there's no guarantee of success. So, most utility companies prefer to try to boost their net income by other methods.

• **Cutting Costs**—One way—the historical way—is to cut costs. This still holds some promise, although some costs—labor and coal, for instance—are going to be hard to cut.

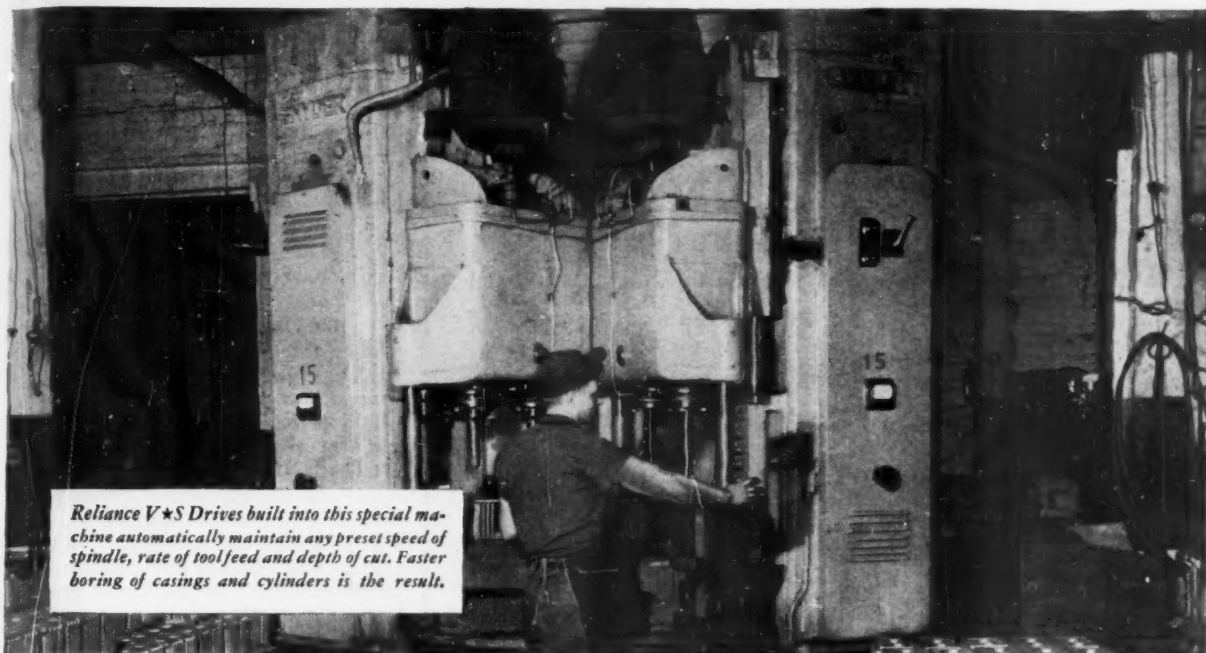
Labor costs can be reduced some by building new, more efficient plants. But the savings in manpower even then are restricted.

• **Boosting Fuel Efficiency**—One way of cutting fuel costs is to increase fuel efficiency—in other words to install equipment that uses less coal per kilowatt-hour. For some companies, this will be a big money-saver. Pennsylvania Power & Light Co., for instance, is building a new station at Sunbury. When it is in full operation, the entire system's fuel rate (in pounds of coal



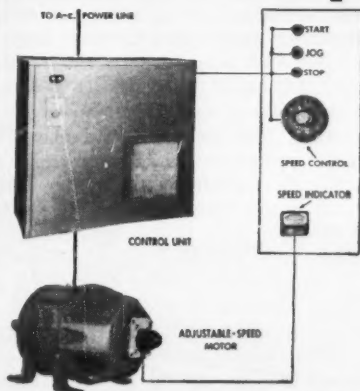
# Flexibility

## OF ADJUSTABLE SPEEDS FROM A-c. CIRCUITS



Reliance V\*S Drives built into this special machine automatically maintain any preset speed of spindle, rate of tool feed and depth of cut. Faster boring of casings and cylinders is the result.

## Greater Output with Reliance V\*S Drive



Conveniently-packaged, space-saving V\*S Drives are available from 1 to 200 hp. Two or more motors may be operated simultaneously from a single Control Unit.

Whatever flexibility of operation is required to increase the output of a machine, Reliance V\*S Drive can supply it—from A-c circuits. Quick, smooth starting and stopping and stepless speed changing—the basic V\*S functions—may be supplemented by inching or threading, by reversing, maintenance of proper tension and a choice of many others to expedite any process. Simple, safe control with this *All-electric, Adjustable-speed Drive operating from A-c.* Circuits may be automatic or manual—at the machine or from any remote station. Let us send you new Bulletin 311.

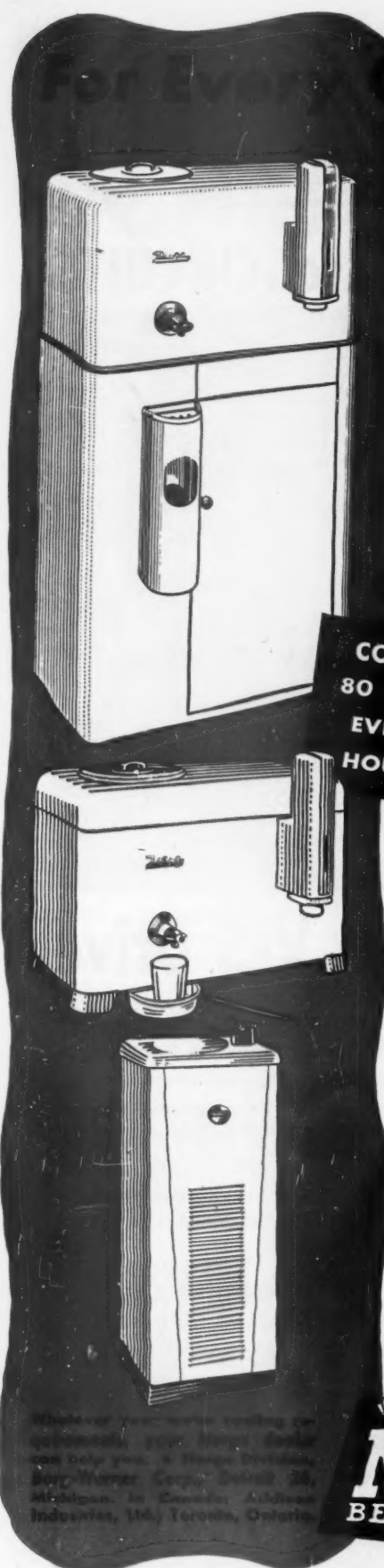
### RELIANCE ELECTRIC & ENGINEERING CO.

1069 Ivanhoe Road • Cleveland 10, Ohio

Appleton, Wis. • Birmingham • Boston • Buffalo • Chicago • Cincinnati • Dallas • Denver • Detroit • Gary  
Grand Rapids • Greenville, S. C. • Houston • Kansas City • Knoxville • Little Rock • Los Angeles • Milwaukee  
Minneapolis • New Orleans • New York • Omaha • Philadelphia • Pittsburgh • Portland, Ore. • Roanoke, Va.  
Rockford • St. Louis • San Francisco • Seattle • Syracuse • Tampa • Tulsa • Washington, D. C.  
Mexico City, Mexico • Montreal, Canada • Sao Paulo, Brazil

# RELANCE<sup>AC</sup><sub>DC</sub> MOTORS

"Motor-Drive is More Than Power"



Office . . .

NEW

# NORGE PORTABLE

## ELECTRIC WATER COOLER!

New in convenience, smartly styled, durably built, the economical Water Boy is ideal for offices, reception rooms, stores, filling stations, lobbies, etc.

### NORGE WATER BOY

Powered by Norge Cold-maker, the Water Boy cools

**COOLS  
80 CUPS  
EVERY  
HOUR!**

80 cups of water each hour to constant temperature. Enough for 30 persons. No plumbing required—simply plug in. Use with or without water bottle. Cup dispenser and drip pan included.

Matching steel cabinet (extra) provides for convenient disposal of used cups and waste water.

### NORGE PRESSURE TYPE WATER COOLER

Chills 10 gallons of water an hour. Modern, streamlined. Perfect for factories, restaurants, public buildings, etc., where constant use is required. Steel construction, golden-tan finish. Easily cleaned. Sanitary porcelain top with no-splash design.



SEE  
**NORGE**  
BEFORE YOU BUY

Whatever your water cooling requirements, our Norge Cold-maker can help you. A Norge Division, Borg-Warner Corp., Detroit 26, Michigan. In Canada, Address Industries, Ltd., Toronto, Ontario.

per kwh.) will be about 35% lower than it is today.

Incidentally, P.P.&L. has made the startling statement that, when Sunbury is in operation, the system could increase net income by dropping 50,000 kw. of industrial load. Reasons: (1) Industrial load pays the lowest rate per kwh. of any power classification, and (2) the 50,000 kw. that would be dropped would come from the least efficient plant in the system.

While such savings will be a boon to many companies, they won't be available to some which need them most. One major midwestern system, for instance, is pretty far from the nearest coal supply, so it has always tried to chase every last B.t.u. through its turbines. It has been successful enough to get a system coal rate of less than 1 lb. per kwh.—well below the industry average. So, any further savings through more efficient equipment couldn't be much—not enough to provide earnings on the new capital for its \$100-million expansion plan.

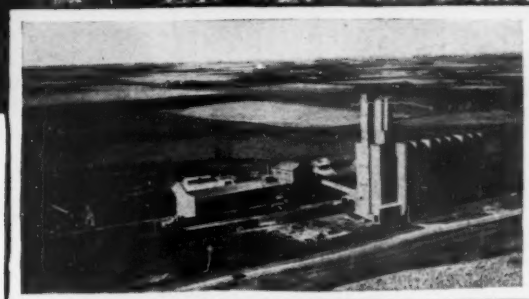
• **Choosing Customers**—Selective selling is still another way of boosting revenues. Since the return per unit varies widely among classes of consumers, utility men are talking more and more about cultivating that load which adds most to net—commercial and residential. But this has its limitations. For one thing, power companies can't refuse to give service just because they can make more from a different type of load. For another, until new capacity begins to pull ahead of new demand, practically the only thing the industry has to sell is off-peak capacity. And the very fact that it's off-peak makes it hard to sell.

What about the large industrial customers themselves as a source of increased revenue? As a practical matter, rates for such sales are not actively state-regulated; rather, they are set by competition—the price of utility power vs. privately generated power. Today, the cost of equipment which might give an industrial customer an independent power supply has gone as high as anything else. This makes self-generation less attractive than it would otherwise be. So industrial customers may be an effective source of new revenue.

• **What of the Future?**—If costs keep going up, of course, requests for general rate boosts are bound to come faster. Of 10 midwestern systems surveyed recently, all said that residential and commercial rates would have to be raised. But when they discussed their own positions, only one foresaw any move within a year. One of the companies had just had its rates cut. Another had just talked its commission out of a cut. A third said that if it asked for a rate boost, it would be likely to come away with a cut instead.



# Soy Beans.. the MIRACLE CROP



**T**he Soy Bean, miracle of modern farming, has become in one generation a prime factor in agriculture and industry of America, particularly of the four midwest states served by

## THE MINNEAPOLIS & ST. LOUIS RAILWAY

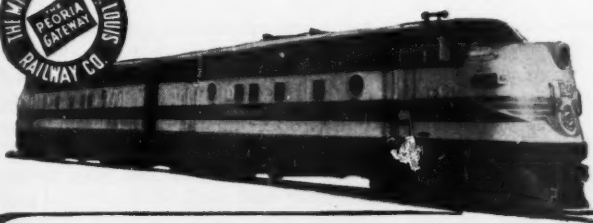
Illinois, Iowa, Minnesota and South Dakota in 1947 harvested 6,734,000 acres of Soy Beans, just half of the total United States acreage, and produced 105,881,000 bushels or 58 per cent of the nation's crop of 181,362,000 bushels. Illinois, the No. 1 Soy Bean grower, harvested 65,196,000 bushels, more than double the production of

any other state. Just 25 years ago, the United States planted only 400,000 acres.

The M. & St. L. Railway, specialist for 77 years in service to agriculture, is a leader today in transportation of Soy Beans and the scores of products made from them in the Midwest's big processing mills.

Soy Bean is called the miracle plant because of its manifold uses and the rapidity with which it has become a major farm crop. From Soy Beans are made industrial oils for paints, varnishes, lubricants, soaps, cosmetics and other uses; edible oils for salad dressings, margarine, shortening and cooking; flour; meal for stock and poultry feeds; plastics in wide variety; and many other products.

The M. & St. L., a modern, efficient freight railroad, networks some of the richest Soy Bean growing areas and directly serves five great processing plants. To Soy Bean growers and manufacturers, it furnishes the same Fast, Dependable Freight Service it has provided since 1871 for other products of midwest agriculture and industry.

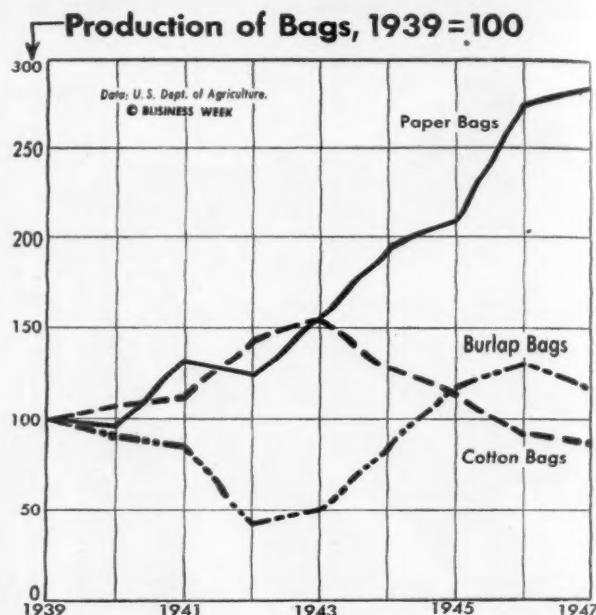


# The Minneapolis & St. Louis Railway

TRAFFIC OFFICES IN 36 KEY CITIES



# MARKETING



High prices have cut down the demand for cotton bags, so . . .

## Textile Industry Organizes to Boost Bag Sales

Paper bags have made big gains; sales are still rising. So cotton-bag makers plan to spend \$500,000 on promotion.

Cotton and burlap mills are losing yardage sales in the big shipping-sack market today. Their chief competitor, the paper industry, has managed in the last few years to take over about 53% of the over-all market for the three materials. The odds are that paper will make further gains this year.

• **Campaign**—The cotton people are convinced they must fight to hold this big market. Before the war, bags provided the third-largest market for cotton—after tire cord and shirts.

Last week the Cotton Textile Institute, the National Cotton Council, the Textile Bag Manufacturers Assn., and other trade groups were busy collecting a big war chest for advertising and promoting cotton bags to the trade and the public. Their two-way plan: (1) protect the markets in which cotton bags are dominant; (2) invade markets where they believe cotton bags should be more widely used. They will spend between \$400,000 and \$500,000 a year.

• **Price Rise**—Chief reason for the recent decline of burlap and cotton bag sales has been price (chart, above). Bag buyers say that three multiwall 100-lb. paper sacks can be bought today for little more than the price of one cotton bag. Principal reason: Raw cotton prices

have run from 10¢ a lb. before the war to about 37¢ now; unbleached wood pulp has increased from 34¢ a lb. only to about 6¢.

Despite the price differential that favors paper over cotton bags, the cotton trade has done a big job in the farm market. Most farm feed products are still packed in cotton bags; in 1945, 36% of all cotton bag fabrics were used for mixed-feed bags.

• **Used for Clothing**—The cotton feed bag today is a valued piece of merchandise, eagerly sought by the farmer's wife. Years ago feed bags were converted into dish towels, underclothing. But today, cotton feed bags turn up in fancy print dresses or other pieces of women's apparel. The re-use value of the cotton bag, with its fancy fashionable print, has kept cotton in a good competitive position in the huge feed market.

A similar plan is being tried by cotton people in the flour-bag market. But here they have a hard row to hoe. Many states have ruled against the use of burlap and cotton flour bags for sanitary reasons: they believe that paper offers more protection against contamination. In the states where these bans do not apply, cotton interests are trying to persuade the bakers to buy their flour in

cotton bags. Then the bags are sold for re-use as consumer goods.

• **Paper Progress**—In some packaging fields the cotton bag men admit they have lost ground. They concede the sugar-bag trade to the paper mills. OPA rationing was the finish of cotton sugar bags; too many one and two-pound paper units were packaged for ration purposes. The sugar people never went back to cotton after OPA ended. The big cement industry has long been in the paper mills' bag too. The first paper sack sales back in the early 1900's were to the salt and cement makers.

Early in the 1930's the paper makers foresaw the possibilities of building up bag sales. They concentrated on the strong and adaptable multiwall type that has become the standard shipping sack in heavy industry today. The multiwall sack is used for shipping more than 400 commodities—including metals, chemicals, rock products, and foods.

Paper makers estimate that around 1.6-billion multiwalls were sold last year. They expect a hefty increase in sales this year. They believe cotton and burlap bag prices are still too high. They point out, too, that a 10¢-13¢ multiwall bag will bring a good price either as a second-hand bag or in scrap markets.

• **Industrial Market**—The paper mills made a lasting impression on industrial users of sacks early in the game. They sold their product as a package: a cheap

shipping sack, filling and packaging machinery designed to handle paper, and engineering aid to set up the packaging-filling line and maintain it on a low-cost basis. When a big bag user changes over his filling line to paper, the paper makers are fairly certain that he will not change back to cotton or burlap filling lines.

An example of paper-bag progress in the industrial field: Union Bag & Paper Corp. has developed a packaging machine that automatically fills multiwall paper bags with a preset quantity of rock wool. Union thinks the machine will save rock-wool makers thousands of dollars by eliminating two cost factors—hand packing and overweight packing. In addition, the company says, the packed bags store and palletize better, and save shipping space in freight cars.

• **Big Business**—The bag market is a huge consumer of materials. Last year, according to estimates by the U. S. Dept. of Agriculture, 714-million yards of cotton cloth went into bag production, a drop of 12% from 1939. Some 831-million yards of burlap went into bags in 1947, 17% more than in 1939. But 570,000 tons of paper went into bags in 1947, a 184% increase over 1939. Cotton and burlap both lost yardage in 1947 compared with 1946: Cotton was down 46-million yards; burlap, down 109-million yards. Paper was up 20,000 tons over 1946.

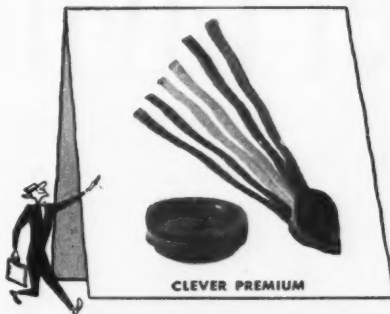
Bemis Bros. Bag Co., which makes both paper and textile bags, reports that its paper-bag manufacture has about doubled since before the war. Nevertheless, it still has 20 factories making textile bags, only six making paper bags. So it is joining the cotton industry's promotion campaign.

• **Promotion**—The strategy of the cotton trade this year will be to apply to other fields the selling and promotion methods that have proved successful in the past in the feed and flour markets. Cotton men admit they have lost most of the sugar market, but it is likely that they will seek to boost cotton-bag use by southern sugar refiners.

The cotton men have worked hard to promote use of their bags by the flour and baking trades. The plan is simple. Salvagers buy used cotton flour bags from the bakers (mostly in the big cities where considerable tonnage is available). They pay the baker more than the regular second-hand price. Then they clean up the bags and convert them into attractive piece goods or small items such as dish towels or aprons. These are sold to the big chain variety stores. The stores feature them as bargains; usually the selling price is 20% to 30% under regular competitive cotton goods in the stores. This gives the store a special and the consumer a bargain.

If flour is packed in bags attractively

## SIX "SUPER-SALESMEN" YOU SHOULD KNOW...



CLEVER PREMIUM

... Lipton Tea finds a natural sales-builder in this set of ice tea spoons and coasters which are molded of Monsanto's Lustron for Thomas J. Lipton, Inc., by Rogers Plastic Corp., North Wilbraham, Massachusetts.



ATTRACTIVE COUNTER DISPLAY

... Stop shoppers, encourage retailers to keep your product out front... just like Murine does with this display. Molded of Lustron by G. Feisenthal & Sons, Chicago for the Murine Company, Inc., Chicago.



MINIATURE

... Instead of the conventional gift certificate Lee Hat builds sales by packaging a miniature hat in a tiny hat box of Vuepak... good for exchange for a full-size, right size Lee Hat. Boxes by Plastic Artisans, White Plains, N.Y.



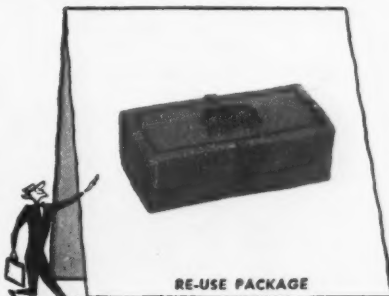
USEFUL DISPENSER

... makes it easier to buy, easier to use your product. Here's the Gillette Company's sensationally successful new blade pack, which is molded of Monsanto's Lustron by Foster Grant Co., Inc., Leominster, Massachusetts.



SPECIAL DISPLAY

... demonstrates Kreisler's new Circlette watch bracelet, serves also as convenient shelf-saving container. Molded of Lustron for Jacques Kreisler Manufacturing Corp., N. Bergen, N. J. by Cowan-Boyden Corp., Chartley, Mass.



RE-USE PACKAGE

... molded of Monsanto plastic adds value to a product, brings repeat sales. This sales-building gift package for the Philip Morris Company is molded of Monsanto's Lustron by Waterbury Companies, Waterbury, Conn.

It's a fact, Monsanto Plastics not only make better products... they can make all products sell better, too. With sales stimulating colors, unlimited design possibilities, lightweight, and real economy, these exciting new materials are real sales aids. Check your selling problem for a new way to put the selling force of Monsanto plastics behind your product. Or better yet, let Monsanto plastics technicians do some thinking with you... just sign the coupon.

Lustron: Reg. U. S. Pat. Off.  
Vuepak: Reg. U. S. Pat. Off.

- MONSANTO CHEMICAL COMPANY, Plastics Division
- Dept. No. WBP7, Springfield 2, Mass.
- Please send me more information about Monsanto
- Plastics and how they help to sell.
- Name \_\_\_\_\_ Title \_\_\_\_\_
- Company \_\_\_\_\_
- Address \_\_\_\_\_
- City \_\_\_\_\_ State \_\_\_\_\_

SERVING INDUSTRY... WHICH SERVES MANKIND

**MONSANTO**  
CHEMICALS... PLASTICS

# "Better Living is Here"

**I**N LESS than five years the Wilsons have packed a lifetime of improvements into their new farm—and revolutionized their way of life.

They came up from the Tennessee River bottomlands where they labored on a row-crop, mule-powered farm for 20 years. Then TVA flood control pushed them out—and pushed them face-to-face with opportunity.

Raleigh Wilson knew what to do to meet the challenge. He plunged into modern farming with pioneering ardor—switched from mules to mechanized power, from row crops to dairying. And his initiative was richly rewarded.

The Wilsons' income has increased five-fold, and their new living standards are as firmly established as their modernized farming methods. Besides the comforts and pleasures of an attractive home, they have other solid satisfactions: The assurance of good training and education for their youngest boy—and for all their sons, an inheritance of well-kept land and the example of good farming for good living.

The Wilsons are a Country Gentleman family whose story is told to the 7,000,000 readers of the magazine's July issue. It is another of the inspiring Good Farming-Good Living "family portraits" of the Best People in the Country.

**RALEIGH WILSON** thinks one of the most satisfying rewards of good farming is the better care and education it makes possible for all the youngsters in the family.



**ELECTRIC MILKING** machines now enable the Wilsons to keep 22 cows and make dairying their chief business. They plan to buy and breed nothing but registered Jerseys.

**SON CLAYTUS, 12**, is a raiser of blue ribbon heifers and steers, a sheep fancier, a breeder of prize hogs, 4H club president—and a sure bet to be a fine farmer. His enthusiasms also include social contacts with emphasis on refreshments.

*The best people in*

SONS "tors, tru help we long-ray

for



# e to Stay

say the Wilsons of the Tennessee Valley,  
who met opportunity and are making the  
most of it.



SONS "J. L." and Garland use tractors, truck and other equipment to help work over 200 acres under a long-range development program.



MRS. WILSON has had the time of her life modernizing the new home. Now she's preparing for a "paper hanging party" at her house.



ELECTRICITY has done wonders for the Wilsons. They have electric refrigerator, stove, washing machine, zero freezer. Ironer's next.

## in The Country

turn to Country Gentleman  
for Better Farming, Better Living





## NOW...filing without manual transcription

Files become "alive"...when you adopt one simple practice—

Type, draw, or write in usual manner on ordinary translucent paper or cards—instead of the opaque kind.

Do this...and you can make Ozalid prints direct from your records in 25 seconds... whenever information is requested.

Thus, you eliminate manual transcription—also expensive proofreading and mistakes... in filing, or any job.

Your Ozalid prints are easy-to-read positive (not negative) copies... same size as your original.



Anyone can make them—in the new Ozalid Streamliner—in 25 seconds... at a cost surprisingly low, only 1½ cents for an 8½ x 11-inch copy.

Mail coupon today for free booklet giving full details.

### OZALID

DEPT. No. 124

A Division of General Aniline & Film Corp.  
Johnson City, New York

Gentlemen: Please send free copy of "The Simplest Business System"... listing job-by-job savings.

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

Ozalid in Canada  
Hughes Owens Co., Ltd., Montreal

made up as fashion prints, the bags will convert into more easily salable piece goods. Cotton men are convinced that this type of promotion can be worked out on a wide scale with savings all along the line.

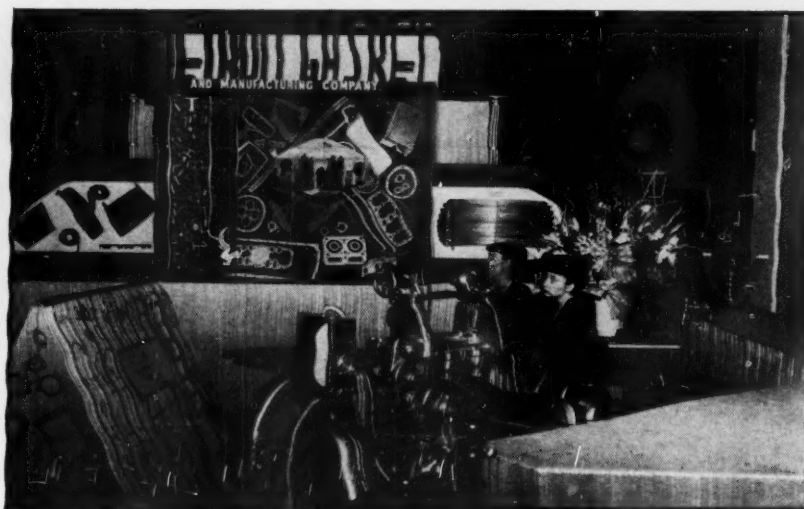
• **Inroads**—The paper-bag makers are also pitching pretty hard for the flour and baking market. The state laws that ban use of fabric bags for this purpose have been a big help. Their plan follows

the packaged-product selling formula they developed years ago—plus, in the case of flour, full sanitary protection. Today, according to St. Regis Paper Co., more than half of all bakery flour is packed in paper bags. This compares with 25% last year, only 10% in 1946.

Two weeks ago St. Regis, biggest paper-bag maker and developer of the multiwall paper bag as it is known today, finished a packaging line in the biggest



STEEL STAMPINGS used in the new body and frame, as well as . . .



GASKETS AND SEALS became part of Detroit's '49 Ford exhibit as . . .

## Machinery Suppliers Join New-Car Show

When Detroiters got their first peek at the '49 Fords, they also had a chance to see the machines and parts used to build them. This unusual showing of a product and the machines behind it came about when the Metropolitan Detroit Ford Dealers Committee, who sponsored the unveiling, found they had space to spare in Convention Hall. So they invited suppliers to show their

wares at the same time. Ford furnished the list but did not actively participate as a company.

The idea was a huge success. The show had a bigger attendance than any previous automobile exhibit at Convention Hall. Some 84 suppliers showed their part in the development, and what they paid to rent space helped underwrite the cost of the affair.

GRINNELL PROTECTION WOULD HAVE PREVENTED THIS



## After the fire, what can you tell *THEM*...?

**NATURALLY YOU ARE THE BIG LOSER** when your business burns.

But if people have trusted you and have left managerial judgment up to you, you'll find that you have to answer not only to yourself but to a whole community if you have been lax about fire control.

For instance, what can you say to the fire chief, one of whose men was seriously injured in the fire? He has warned you repeatedly that, although your building may be fire-proof, the contents may be virtually tinder.

How would you answer your cashier who has told you time and again that your indemnity check will not

cover re-building costs at today's advanced prices? Or that statistically 2 out of 5 businesses with records destroyed by fire never get started again.

How would you explain to the skilled men who have helped you build your business and now must, for their families' sakes, go elsewhere and get established again?

### **THERE IS ONLY ONE ANSWER:**

you must be prepared for fire before it strikes. You can *never* hope to prevent fire from starting. But you can be prepared to prevent fire from causing material damage. You *can* successfully control fire, whenever and wherever it strikes, night or

day, without fail, through Grinnell Protection by automatic sprinklers. Competent authorities will attest that Grinnell Protection by automatic sprinklers is the surest way. In addition, Grinnell Protection usually pays for itself in reduced insurance premiums in a few years. So, if you're insured, you're paying for Grinnell Protection. . . . *Why not have it?* Grinnell Company, Inc., Providence 1, R. I. Branch offices in Principal Cities.



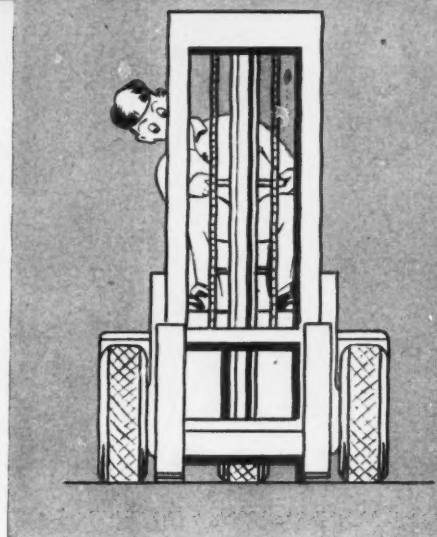
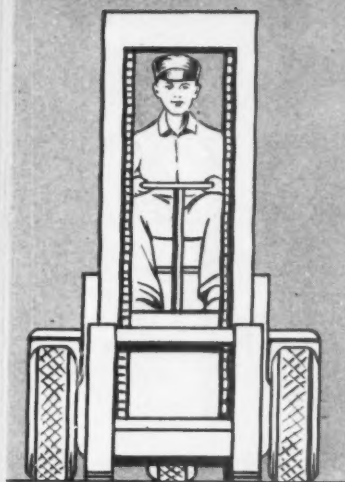
**GRINNELL**

**AUTOMATIC SPRINKLER AND SPECIAL HAZARD  
FIRE PROTECTION**



# BETTER VISIBILITY by 78%

## New ROSS Series 5 LIFT TRUCK



**Exclusive Tower design does away with this!**



*New*  
**HANDLING  
EFFICIENCY  
that  
Cuts Costs!**

**NOW** — faster handling with a minimum of loss from accidents and breakage. Neater, safer stacking and unstacking. Faster loading and unloading of cars and trucks. Smoother materials-flow indoors and out, lower handling costs, fewer delays to production . . . Get *all* the facts about this revolutionary lift truck — ROSS Series 5, 5000-pound capacity, pneumatic tires, gasoline power.



**THE ROSS CARRIER COMPANY**

300 MILLER STREET, BENTON HARBOR, MICHIGAN, U.S.A.

Direct Factory Branches and Distributors throughout the World

soft-wheat milling plant in the country—the Toledo (Ohio) mill of National Biscuit Co. St. Regis had previously installed a similar line in National's Carthage (Mo.) plant. Several big installations for other companies will be completed this year. This means assured sales of millions of multiwall bags over the years.

The paper-bag industry's next target is reported to be the textile bags' biggest field—feeds.

## Loop Store Dies

Chicago's Boston Store, long lagging in modernization (and sales), can't get money to catch up at today's high costs.

It costs department stores a lot of money to do business these days. To finance inventories, they have had to sell their properties—and borrow or float stock where they could (BW—Mar. 20 '48, p. 78). Even prosperous merchants have found the road rough. For the less fortunate ones, it's becoming almost impassable.

• **Anemia**—Last week the death warrant was signed for Chicago's 75-year-old Boston Store. It had long suffered from anemia: Sales had slipped from \$28.5-million in 1922 to \$15.4-million in 1945. When the management decided to spend \$1,250,000 modernizing the store, it was already too late—no one would put up the money.

Edgar L. Schnadig, former head of Chicago Mail Order Co. (now Aldens, Inc.), bought the store two years ago with the backing of insurance companies and investment bankers (BW—Jul. 6 '46, p. 48). Ever since, State Street has been watching with interest his efforts to revive the moribund business.

• **History**—The Boston Store had been on the skids for years before Schnadig got it. Mrs. Mollie Netcher Newberry, owner and widow of the founder, insisted on clinging to a strictly cash policy long after most stores had switched to credit. Absentee management prevailed a long time. The physical plant grew creaky. (The store still has its original escalator—the first one installed in Chicago, in 1907). Of the 102 departments in the store, 44 were leased to outside operators.

When Schnadig's group bought the store, it made elaborate plans to modernize. To get the money, Schnadig planned a sale of stock. A sour new issues market, however, curdled his hopes. And after the stock sale fell through, nobody was willing to put up the extra cash.

• **Equities**—Lenders' equities in the store were already high. Almost all the money to finance buying the store had

been borrowed. Penn Mutual Life Insurance Co. had put up \$3.5-million; the first National Bank of Chicago, \$1.5-million; a securities group, headed by Union Securities, \$5,268,750.

Late this spring the banking group took over control by exercising its option to convert notes into common stock. The group now prefers to liquidate rather than pour in more capital.

• **Finale**—To liquidate the store's \$2-million inventory, a gigantic clearance sale will be staged this summer. The company will sell its chief remaining asset, the valuable building and land at the corner of State and Madison Streets in Chicago's Loop. At the time Schnadig's group bought the property, it was valued at \$6.5-million.

## Sears Prices Up

The mail-order house lists major appliances in its new fall-winter book for the first time since the war.

Major appliances are back in the Sears, Roebuck & Co. catalog for the first time since the war. The fall-winter book, which Sears began mailing out last week, lists refrigerators, washing machines, electric ranges, and ironers among nearly 100,000 items.

• **Cautious Policy**—Sears is the last of the four major mail-order houses to put big-ticket appliances back in its catalog.

With such merchandise scarce, Sears has preferred to market what supplies there were through its retail stores. In this way it avoids disappointing mail-order customers when orders can't be filled, and making expensive refunds.

Sears still hasn't included sewing machines or automatic washers in its catalog.

• **Prices**—Prices in the new book average 1.7% higher than in last spring's catalog, and 5.9% above those in the fall-winter catalog issued a year ago. Sears' merchandising vice-president, T. V. Houser, explains that the company based its price comparisons on a sampling of 1,500 representative items in the three books. Half the items sampled are unchanged from a year ago; one third are higher, and 17% are lower.

Here are some of the lower priced lines: cotton yard goods, wool blankets, shoes (for men, women, and children), electric heaters, radios. Price reductions on these lines ranged from 2% to 8%.

• **Color Coordination**—Innovations: a coordinated color program in home furnishings that covers about 80% of all home furnishings, from lamps to floor coverings. The program uses 18 basic colors in light, medium, and dark shades.

## 4 common conditions where \*WOLMANIZED PRESSURE TREATED LUMBER protects against DECAY and TERMITES



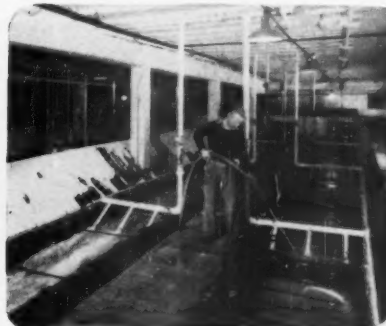
Wherever moisture is condensed in wood because of concrete or masonry contact, as with sills, sleepers, door and window bucks, wall plates and columns.



Where outdoor structures are exposed to ground moisture, rain and snow, such as stadium seats, boardwalks, loading piers, coal trestles, railroad structures.



When wood is used in or near the ground subject to attack by decay and termites, such as foundations, joists, fences, telephone poles and guard rails.



Where steam, vapor and dampness from industrial processes are prevalent, such as process moisture, refrigeration, air conditioning and humidification.

## LASTS FOR DECADES

Imagine the saving in maintenance which you could realize by using lumber which is protected against wood-decay and termites. "Wolmanized" pressure-treated lumber offers you just such protection—lasts from 3 to 5 times as long as ordinary wood.

Actual service records prove it. Best of all, the extra cost of this pressure-treated lumber is less than the cost of labor alone in replacing prematurely failing, untreated wood.

Wolmanized lumber is pressure-treated with salts which kill decay fungi and termites. Clean, odorless, paintable and non-corrosive to metals. For lower maintenance costs—sounder buildings—use Wolmanized lumber in your building program.

Learn more about this money saving pressure-treated lumber

Get all the facts and figures on how Wolmanized pressure treated lumber resists decay and termites.

Write today for this new booklet.



\*Registered Trade Mark

**AMERICAN LUMBER & TREATING COMPANY**

General Offices: 332 South Michigan Avenue, Chicago 4, Illinois

Boston 9

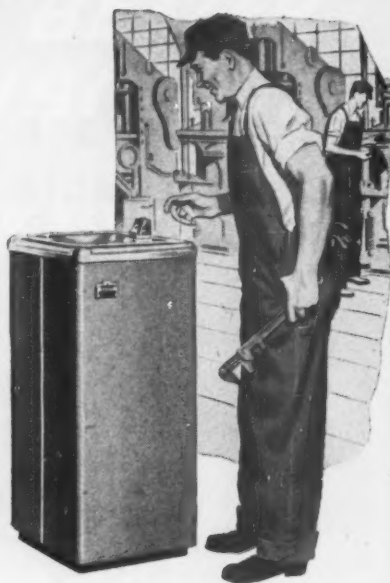
Jacksonville 2, Fla.

Los Angeles 15

New York 17

San Francisco 5

Washington 8



## Frigidaire WATER COOLERS

**Best investment for better relations with everyone in the "Shop"**

Nothing works more unceasingly than a Frigidaire Water Cooler to impress employees with management's concern for their comfort. It builds good will, and increases employee efficiency. All at a cost of only a few cents a day. Frigidaire Water Coolers are designed for quick, inexpensive installation—in factory, store or office. Investigate their many advantages today. All sizes—to meet all needs. Pressure and bottle types.

**Powered by the famous  
METER-MISER MECHANISM**  
**Cuts current cost to the bone**

Simplest refrigerating mechanism ever built! Sealed-in-steel—oiled for life. Backed by special 5-Year Warranty.

See Frigidaire—for products you can depend on... a name you can depend on... a dealer you can depend on! Find nearest Frigidaire Commercial Dealer's name in Classified Phone Directory under "Water Coolers" or "Refrigeration Equipment." Or write: Frigidaire, Dayton 1, Ohio; Leaside 12, Ontario.



You're twice as sure with two great names

**FRIGIDAIRE** made only by  
**GENERAL MOTORS**

Commercial Refrigeration • Air Conditioning  
Electrical Appliances for the Home

## PRODUCTION



With heat-treating problems solved by new techniques . . .

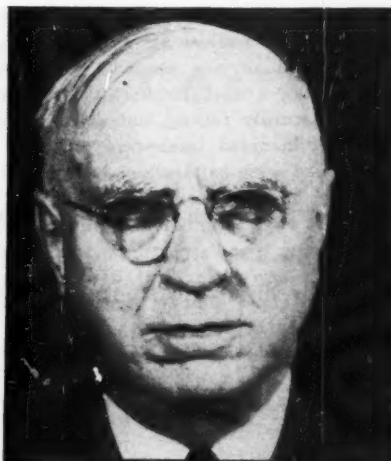
## Navy Sponsors Magnetic Alloy

German development, half iron and half nickel, defied mass production. Now the Naval Ordnance Laboratory has solved this problem, is offering samples to interested U. S. industries.

Back in 1943 the Germans devised a new magnetic alloy. They used it in huge rectifiers to convert a.c. to d.c. for their electrochemical industry. American manufacturers got a peek at the alloy and some idea of its efficiency when unfinished samples were brought back after the war. But, despite its promised efficiency, it seemed to have no immediate future: Nobody here could make it.

Last week the picture was entirely different; prospects for the magnetic alloy—Permanorm 5000-Z—looked bright. After several months of intensive research work, the Naval Ordnance Laboratory at White Oak, Md., had developed a manufacturing technique, was offering samples of the alloy to prospective users.

NOL technicians are enthusiastic over the possibilities of the material. To



BEHIND THE ALLOY: Consultant Dr. G. W. Elmen (left) and NOL's E. A. Gaugler



"sell" industry on it, they sponsored a special symposium, drew about 500 industrial, university, and government men from all over the country.

• **Alloy's Properties**—The group was told that Permanorm is a new kind of magnetic alloy. It has: (1) high resistivity—hence internal current losses that cut down efficiency are kept low—and (2) good magnetic properties—which mean that the material responds to very weak current pulses.

Its combination of properties is such that the material has high efficiency when used in electromagnetic devices.

• **Its Uses**—The experts underlined two important uses:

(1) The material will permit extensive improvements in rectifiers.

(2) It will permit design of amplifiers that will outperform the present complicated (and delicate) electronic-tube amplifiers. (NOL is interested in this phase for guided missiles, fire-control equipment, and underwater ordnance.) Such amplifiers will better withstand shocks and concussion. Because the alloy responds rapidly to low-frequency, weak pulses of current, new amplifying devices will have twice the power of those made with standard materials without change in size of design.

• **Potential Users**—Permanorm's electrical properties and possible applications are of great interest to manufacturers of elevator-control devices, electric signaling equipment for railroads and subways, electric furnace-control equipment, transformers, and rectifiers.

Costs, NOL expects, will be in line with competitive magnetic materials when the alloy goes into mass production. But they also believe that the potential efficiency of the material will outweigh the cost factor when a choice of materials is made.

• **What the Alloy Is**—Permanorm is made of 50% nickel, 50% iron. These basic materials (in a very pure state) are fused together, and subjected to an intricate heat-treating process. The alloy is then annealed in a hydrogen atmosphere. This purifies the alloy and develops the special grain-orientation (the way the grains in the metal are spaced and the direction in which they lie) that helps account for its unusual electrical characteristics. NOL technicians think their new technique will permit mass production.

Credit for its development goes to Dr. Gustaf W. Elmen and Edward A. Gaugler (pictures, page 46). Elmen is the inventor of Permalloy and Perminvar (two other high-magnetic alloys in wide use); he is a top independent expert in the field of magnetic materials. Gaugler, chief of the Magnetic Materials Laboratory of NOL, was in charge of the actual development work.

• **Commercial Supplier**—One company—I.T.E. Circuit Breaker Co. of Phila-



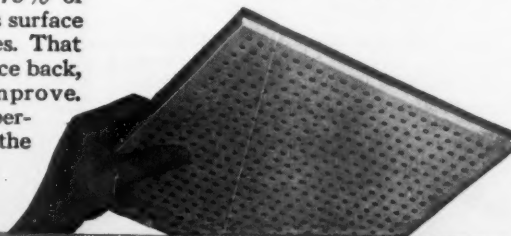
## HERE'S THE WAY TO STOP OFFICE NOISE

When these men finish putting up the acoustical ceiling of Armstrong's Cushiontone®, this office will be quiet—more efficient easier to work in. This modern ceiling hushes the distracting noise of voices, footsteps, and office equipment.

Armstrong's Cushiontone is an attractive wood-fiber tile with 484 deep holes drilled in each 12-inch square. Up to 75% of the sound that strikes its surface is absorbed by these holes. That means sounds can't bounce back, hearing conditions improve. Cushiontone gives you permanent correction over the years—at one low cost.

Phone your Armstrong acoustical contractor now and ask him for a free estimate on a Cushiontone ceiling for your office. You'll be pleasantly surprised at the low cost.

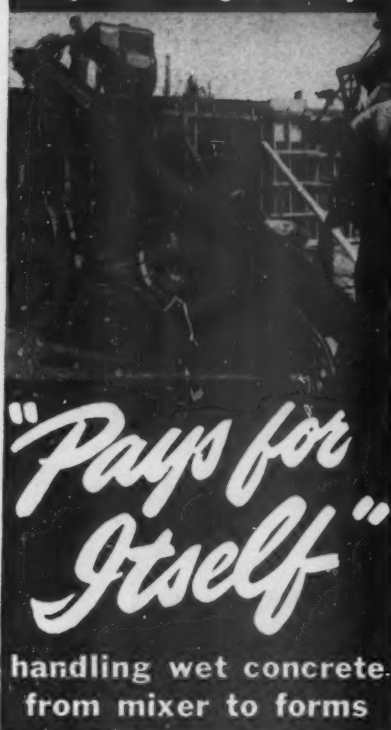
WRITE FOR FREE BOOKLET, "What to do about Office Noise." It gives all the facts. Armstrong Cork Company, Acoustical Department, 4807 Walnut Street, Lancaster, Pennsylvania.



### ARMSTRONG'S CUSHIONTONE

Made by the Makers of Armstrong's Linoleum and Asphalt Tile

## Farquhar Trough Conveyor



*"Pays for Itself"*

handling wet concrete from mixer to forms

ON ONE JOB ALONE, handling wet concrete from mixer to forms, this Farquhar Trough Conveyor—Model 343—more than *paid for itself* in time and labor saved. No hoist operator was needed: scaffolding was eliminated on this construction project . . . the Farquhar Conveyor fed concrete to the forms at the rate of one cubic yard a minute—faster than the contractor had believed possible.

### For All Handling Jobs

General-utility Farquhar Trough Conveyors handle sharp or abrasive materials, fine or powdery materials, small bags or bundles *faster, better, cheaper* than old-fashioned handling methods. Contractors, chemical plants, coal yards, warehouses—all industries turn to Farquhar for the right answers to specific handling problems. Farquhar offers a complete line of conveyors for portable, semi-permanent or permanent installation, handling all kinds of loose or packaged materials. Tell us your problem—we have the know-how to help you.

Write A. B. FARQUHAR COMPANY, Conveyor Division, 201 Duke Street, York, Pennsylvania, or 612 West Elm Street, Chicago 10, Illinois.

**Farquhar**  
PORTABLE OR PERMANENT  
MATERIALS HANDLING  
**CONVEYORS**

HYDRAULIC PRESSES • FARM EQUIPMENT  
FOOD PROCESSING MACHINERY • SPECIAL MACHINERY

delphia—has a contract to supply the Navy with Permanorm rectifiers, which it makes from German Permanorm strip, heat-treated by NOL. Right now the Philadelphia company can handle only orders tied in with its Navy con-

tract; there's no material available to fill a \$250,000 backlog of orders that have come in from companies who want to try the product in their own fields.

NOL is prepared to distribute small samples of Permanorm—measured in



## Gullivers Study Lighting in a Tiny Town . . .

In a corner of General Electric Co.'s illuminating laboratories, engineers have rigged up a private Lilliput—in modern dress. The thimble theater is used to demonstrate the

effects of different kinds of street lights on drivers' and pedestrians' visibility, and on buildings closeby. Here a technician smooths out the main-drag pavement.



## . . . And in a Lilliputian Tunnel

A scale tunnel helps engineers find the best light without dazzle. Head and shoulders

of interlopers at the far end of the tunnel are an overpowering road block.

ounces—to interested companies. Requests are handled through the Navy Bureau of Ordnance. There's no charge, but the manufacturer has to make out a good case for himself before he gets delivery.

• **Big Demand**—On the basis of requests for samples and information already in the files, there's going to be a big demand for the new alloy. That means that the steel companies will begin to investigate more closely the numerous problems involved in making it. Both Armco and Allegheny-Ludlum have been experimenting with Permanorm manufacture. But until now, the intricate heat-treating requirements have slowed their progress, although some experimental strip has been made.

Gaugler hopes that the work that NOL has done in its research will help supplement the steelmakers' efforts to get production going.

## Fighting Rancid Fats and Oils

Fats and oils, any housewife will tell you, get rancid quickly if they're not kept cool. Oxygen in the atmosphere is the most common cause; some of the constituents of the fat or oil oxidize into foul-smelling and -tasting compounds.

• **New Stabilizer**—This week, Tennessee Eastman Corp., Kingsport, Tenn., (subsidiary of Eastman Kodak Co.), had good news for both housewife and food manufacturer. It has two new compounds—antioxidants—that combat that type of rancidity. They're called Tenox HQ and Tenox BHA. They will stabilize fats and oils for almost every edible use throughout the normal time of processing, distribution, and consumption, T. E. claims. What's more, they don't affect the nutritional content of the food.

Tenox HQ is a highly purified form of hydroquinone, a quinine derivative used in photograph developers. It stabilizes salad and cooking oils, margarine, peanut butter, citrus oil extracts, and dried milk. In vitamin-A oils, it prevents the loss of vitamin-A during storage.

• **Animal Fats Too**—Tenox BHA (the chemists call it butylated hydroxy anisol) is especially good at stabilizing animal fats, like lard. Investigations of the American Meat Institute show that a combination of Tenox BHA and Tenox HQ, plus citric acid, will stabilize lard for all uses.

The Tennessee Eastman announcement is significant because, up to now, effective antioxidants couldn't be produced in large enough quantity or in pure enough form to interest the fats and oils industries.

## How to stave off "SUMMER SLUMP!"



**IN THE OFFICE** you put "summer slump" to shame with a well-placed R & M Air Circulator. Beats up a real breeze. Keeps your girls alert, active—going "all out" all the time.



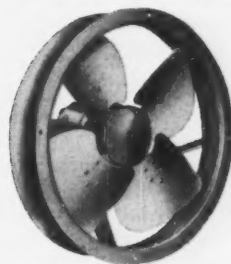
**IN THE SHOP** you prop up production that usually sags in summer. Note how much easier your men make the "rate." An R & M Exhaust Fan pays for itself—and then some!



**YOUR EXECUTIVES, TOO,** stay up on their toes when the temperature's right for their work. For your key men, there's nothing like the handsome, quiet-as-a-whisper R & M DeLuxé Fan.



In 24" and 30" blades for ceiling, floor, wall, or bench mounting. From \$91.20, list.



In 12", 16", 20", 24", and 30" blades for high- or low-speed operation. From \$40.65, list.



In 10", 12", and 16" blades for desk or wall mounting. Oscillating. From \$24.35, list.

**ROBBINS & MYERS**

*Fans*

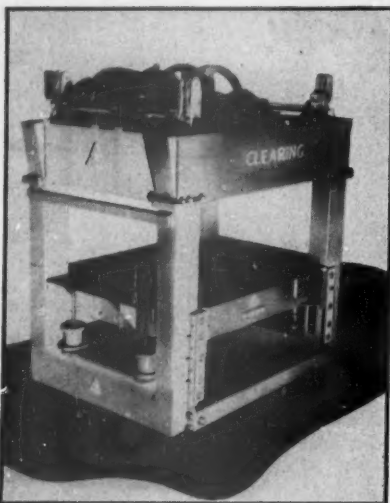
Robbins & Myers, Inc., Fan Sales Division,  
Springfield, Ohio; or Brantford, Ontario.  
• Please send me R & M Fan Folder 3005  
and the name of my nearest distributor.

Name .....  
Firm .....  
Address .....  
City ..... Zone ..... State ..... B-4





# NEW PRODUCTS



## Automatic Welder

Spot welding several parts at the same time is a one-step job on a welding press manufactured by Clearing Machine Corp., 6499 W. 65th St., Chicago 38.

The welding operation is automatically controlled from a special panel. A platen that moves up from the bottom of the press brings the work to the electrodes. Each time the press reaches the top of the stroke, a contact on the control panel energizes the automatic welding panel. The welding panel takes over control during the actual welding process. When the welds have been made, control is transferred back to the press-control panel which returns the platen to its open position, completing the cycle.

The platen and the bed are kept parallel by four adjustable brackets. The single-gear V-belt drive is on the top of the press.

• Availability: 20-24 weeks.

## Sheet Sorter

Putting mimeograph sheets in page order by hand is slow work. One way to speed the operation, according to Evans Specialty Co., Inc., is to use an automatic gathering unit the company has developed. It can be set up with any number of shelves—with a capacity of 500 sheets per shelf.

If, for example, you have to collate an 8-page speech, page one would be put on the top shelf with each of the following pages on one of the lower shelves. When you move a handle on the side of the unit, pushers slide the top sheet from each pile and the pages drop from the unit. However, with an optional slide attachment, the sheets

skid to the bottom, fully assembled.

Trays for the paper are made in two parts, will take any width from 3 in. up. Strips of rubber on the sides of the trays keep the sheets straight. Pushers will handle any size—from a postcard to a 10 x 15-in. sheet. The company address: 407 N. Munford St., Richmond 20, Va.

• Availability: late August or early September.

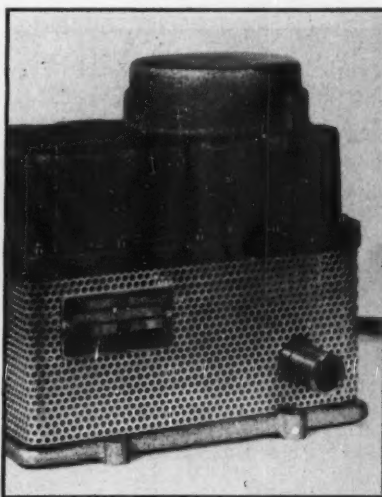
## Double-Duty Measurer

Measuring and inspecting textiles can be speeded with a machine manufactured by Cutting Room Appliances Corp., 45 W. 25th St., New York 10. The machine has a foot control running across its width. By working this pedal the operator can speed up or slow down the turning rolls, still have his hands free to adjust or handle the material.

For inspection, the electrically driven machine unrolls the goods at a slow speed; the operator can check for damage and, with a hand control, stop the machine to mark imperfections. A scanning board simplifies the inspection. Yardage is shown on a meter.

The machine can handle rolled or folded fabrics in widths up to 60 in.

• Availability: three to four months.



## Underwater Pump

Sutton Mfg. Corp. stresses two advantages for its automatic electric bilge pump: The pump won't cut off with the sway of the boat; it can't become airlocked.

Built to run under water, the pump has a capacity of over 600 gal. per hr. It is water-, gas-, and vapor-tight—

hermetically sealed to keep water out of the motor and switch. Operation is either manual or automatic. The motor, built with oilless bearings, runs on 40 watts; the float is copper.

A coating on the pump's housing interior prevents condensation; a cartridge of silica gel absorbs any moisture from the motor chamber. The pump can be had in four models (for different voltages); all weigh 16 lb., take up 5 1/2 x 8 in. of floor space. The manufacturer's address: 112 W. Wilson Ave., Norfolk 10, Va.

• Availability: immediate.



## Midget Check Writer

Owners of small businesses and individual depositors can cash in on the benefits of mechanical checkwriting with the Personal Protectograph. Manufacturer: The Todd Co., University & Thomas Sts., Rochester, N. Y.

The unit works on the same principle as Todd's standard office models. The amount of the check is printed through a ribbon which shreds indelible ink into the fiber of the paper. Todd says it's impossible to change the amount without destroying the check. Small and compact, the new unit is finished in gray crackle. It will be sold through department stores.

• Availability: 30 to 60 days.

## Laminated Tile

Plastic laminate tile that goes on the wall with liquid cement has been announced by Leathertone, Inc., 6-14 Medford St., Boston. The new material, a semirigid lamination of phenolic and melamine plastics, is much like the covering used on soda fountains and table tops.

The tiles come in sizes ranging from 8 x 10 in. to 20 x 40 in. No special tools are needed to put them up. Special adhesive is brushed on both the tile

and the wall and is left to dry for 20 min. The tile is then put on the wall; hand pressure is enough to set the cement. A special compound, kneaded into rolls, goes into the crevices.

The tiling comes in a variety of pastel colors and surface effects. It is stain and burn resistant, withstands heat up to 275 deg. F. A damp cloth will clean the material. Monsanto Chemical Co. supplies the plastics used.

• Availability: immediate.



### Sliding Light

For garages and service stations, Benjamin Reel Products, Inc., makes a portable light that has a built-in unit for winding in or playing out the electric cord. The model is mounted on three casters; it can be moved around easily under trucks or cars to light up repair work.


The unit is another in Benjamin's line of extension cord reels. These reels store the extension cord when it's not needed, release it when the light or appliance is moved away from the wall plug. There is no slack to become kinked or snarled. When the job is done the reel winds in the wire automatically.

The new model comes with 20 ft. of cord; socket, bracket, and guard (for the light bulb) are cadmium-plated. The company is at 10700 Broadway, Cleveland 5.

• Availability: 2 weeks.


### P. S.

Tightening wire fences is a one-man job with a device made by Berkroy Products, Inc., 2516 N. Ontario St., Burbank, Calif. A special twister is put into the tightening tool; as the tool is turned, wire wraps around the twister. When the wire is tight, the tool is removed leaving the twister locked on the fence, holding the wire taut.



With  
**B.F. Goodrich**  
it was

**The Result of**  
**Extensive**  
**Investigation**



**T. G. GRAHAM**  
Vice President  
The B. F. Goodrich Company  
Says:

"The Miami, Oklahoma, tire and tube manufacturing plant of B. F. Goodrich began operations in 1946.

"Miami was selected from a list of 90 possible locations after full consideration of:

- Location with reference to our markets
- Ample water
- Fuel and power facilities
- Road and rail transportation
- Manpower availability

"Our experience as industrial citizens of Oklahoma indicates a long, pleasant and productive relationship in the years ahead."

Oklahoma has many business advantages in addition to those which appealed to Goodrich. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



**OKLAHOMA**

PLANNING and RESOURCES BOARD  
STATE CAPITOL BUILDING  
OKLAHOMA CITY, OKLAHOMA

# AMPLICALL

Intercommunication

## Keeps Everyone on the Job!



No wasteful walking  
No wasteful waiting  
Less memo-writing

Reaches Anybody  
in Your Business—  
INSTANTLY!



With AMPLICALL, your entire staff can "attend to business" every working minute of the day. At the touch of a button, this modern electronic communication system provides instant speaking contact within and between all departments of your business. AMPLICALL frees busy switchboards for outside traffic—eliminates wasteful walking, waiting and costly slowdowns—gives you a positive check on every part of your business at all times.

AMPLICALL pays for itself many times over by converting wasted time into working time. Get the full details on AMPLICALL today!

on Systems (cont'd)  
UNIFICATION SYSTEMS

**AMPLICALL**  
RAULAND  
Electronic  
communication  
systems  
for  
business,  
industry,  
institutions, general business,  
installations in daily use. Engi-  
neering, survey and  
requirements.

FREE TO BUY IT

See Your Phone Book

For your nearest AMPLICALL specialist, look in the "Intercommunication" section of your classified directory, or write direct to the Rauland Corp., Chicago, Illinois.

**Rauland**

THE RAULAND CORPORATION  
4249 N. Knox Ave., Chicago 41, Illinois

☐ Send complete details on the New AMPLICALL.

☐ Send your representative. No obligation.

Name .....

Company .....

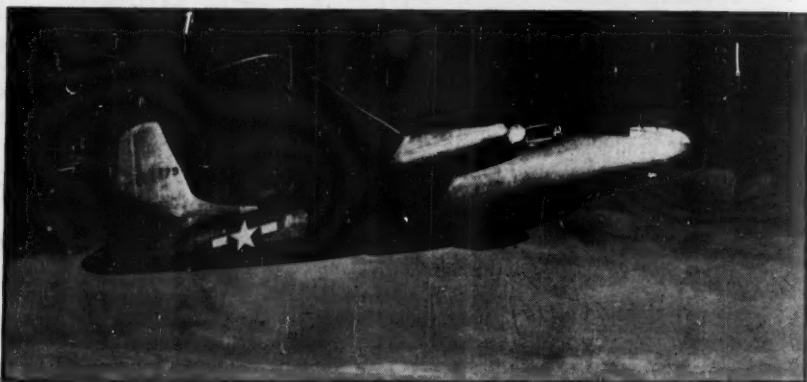
Address .....

City ..... State .....

## FINANCE



NEW CHAIRMAN of North American Aviation, James H. Kindelberger, looks to . . .



NEW PLANES like this postwar B-45 jet bomber to pull his company . . .

## Up From a Nosedive

North American Aviation climbs out of postwar slump with new planes, bigger plant, and a fat new \$180-million Air Force contract. General Motors sells its 29% stock holding.

In the last 30 days there have been some jet-propelled doings at North American Aviation, Inc.:

(1) General Motors dropped its long-standing 29% stock interest in the company (about 1-million shares were sold to the public at \$12.50 each).

(2) Then, North American got a new chairman (picture above), a new president (picture, page 56), and three new directors.

(3) Next, the company leased the

Consolidated-Vultee plant at Downey, Calif. This added almost 1-million sq. ft. to the working space North American has had at Inglewood, Calif.

(4) The Air Force handed North American the second largest assignment in its 70-group contract (BW—Jun. 19 '48, p. 26). N.A.'s share comes to about \$180-million—768 bombers and jet fighters, plus orthodox training planes.

(5) And most spectacular, from a news point of view: Aviation Week, a



McGraw-Hill publication, reported that North American's jet-propelled XF-86 had pierced the sonic barrier.

• **Personnel Shift**—The personnel shift in the upper echelon was less tactical than administrative. James H. "Dutch" Kindelberger is still boss—as he has been since North American became an active aircraft manufacturer in January, 1935. But now Kindelberger is stepping up from president to chairman, replacing Henry M. Hogan, General Motors chief counsel. He turned over the presidency to J. L. Atwood who left Douglas Aircraft with Kindelberger 14 years ago to become North American's chief engineer.

Kindelberger had been at Glenn L. Martin for six years, then he was chief engineer at Douglas Aircraft for nine years. He came into the North American picture in July, 1934, when he was made president of its subsidiary, General Aviation. Six months later he took over the helm of North American; that was when General Aviation was dissolved and its business absorbed by the parent company.

For quite some time, a General Motors man has been sitting in one of the big executive chairs at North American. In fact, North American was General Motors' foot in the airframe door. Ernest R. Breech, former G. M. vice-president, was N. A. chairman before Hogan. Now Hogan—and the 29% G. M. stock interest—are out of the picture.

• **Early Days**—North American, which will celebrate its 20th birthday next December, didn't start out as a maker of airplanes. It was organized mainly to hold and trade in the stocks of companies in the airline and aircraft manufacturing fields. At one time it owned—wholly or in part—such air leaders as TWA, Western Air Express, General Aviation Mfg. Corp., Fokker Aircraft, Douglas Aircraft, the Sperry Gyroscope, and Ford Instrument companies. Passage of the 1934 air-mail law changed all that. The law required separation of airlines and aircraft manufacturing. So North American threw overboard its airline interest to concentrate on the manufacture of planes.

• **War Prosperity**—When Atwood, Kindelberger, and 72 employees moved to California, they began manufacturing the NA-16. This was the prototype of the company's breadwinning series of trainers that the Army, Navy, and Great Britain bought in quantity.

Out of this design grew the Army Air Corps' BT-9, BT-14, BC-1, BC-2, and AT-6 training aircraft; the Navy's NJ and SNJ series; and basic and combat trainers for 34 Allied nations.

In 1937 North American created its first twin-engined bomber. Twelve months afterward the NA-40 medium bomber was developed for the Army;

**office workers  
everywhere...**



**do figure work  
easier and faster**



**on Marchant  
Calculators**

Operators who have used various types of calculators prefer Marchants because they are easier to operate, meaning less fatigue, and they are faster, meaning higher operator efficiency.

Marchants are easier to learn and operate because of simplicity in design and their many automatic operations. In addition, they have greater accuracy control and unsurpassed speed.

\*\*\* ASK THE MARCHANT MAN (you'll find him in your phone book) to prove every one of these points that will add to your profit. To learn about Marchant Simplicity and Speed, write for Folder 11

MARCHANT CALCULATING MACHINE CO.  
Oakland 8, California



★ **MARCHANT CALCULATORS**  
AUTOMATIC SILENT-SPEED

## MARSH & McLENNAN

INCORPORATED

### Insurance Brokers

ACTUARIES AND  
AVERAGE ADJUSTERS

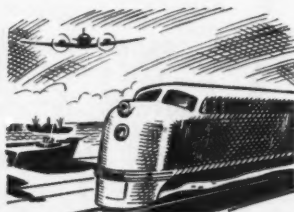
|             |            |               |              |
|-------------|------------|---------------|--------------|
| Chicago     | New York   | San Francisco | Detroit      |
| Washington  | Pittsburgh | Minneapolis   | Boston       |
| Buffalo     | Cleveland  | Columbus      | Indianapolis |
| Superior    | Duluth     | St. Paul      | St. Louis    |
| Los Angeles | Phoenix    | Seattle       | Portland     |
| Vancouver   | Montreal   | Havana        | London       |



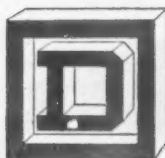
## CAN HE HELP YOU FIND "A BETTER WAY TO DO IT"?

... Seasoned Field Engineers, in more than 50 offices in the United States, Canada and Mexico, serve as liaison between Square D and industrial America. Their full-time job is working with industries of every kind and size—finding "a better way to do it."

• Through these Field Engineers, Square D does its three-fold job: Designs and builds electrical distribution and control equipment in pace with present needs; provides sound counsel in the selection of the right equipment for any given application; anticipates trends and new methods and speeds their development. If you have a problem in electrical distribution or control, call in the near-by Square D Field Engineer. He makes a lot of sense in finding "a better way to do it."



There's a lot of unseen but vital electrical distribution and control equipment in every modern streamlined train. In every plane. In every boat. Square D works with all fields of transportation, keeping pace with their ever-increasing electrical requirements.



## SQUARE D COMPANY

DETROIT MILWAUKEE LOS ANGELES

SQUARE D COMPANY CANADA LTD., TORONTO • SQUARE D de MEXICO, S.A., MEXICO CITY, D.F.



NEW PRESIDENT of North American is company veteran J. L. Atwood

it was designated the B-25 "Mitchell" bomber.

In 1940 a third foundation of North American's wartime prosperity was laid. The British had been a good customer for trainers. Now they asked for a fighter plane that would incorporate everything they had learned in the early days of the war. Just 127 days later the first Mustang was completed. By July, 1942, the Army Air Corps was receiving deliveries on it.

During the war, North American's production and payroll soared. In 1939, its 4,639 employees made 793 military aircraft. In 1943, the company's wartime peak, 87,875 employees made 8,633 military aircraft in California, Kansas City, and Dallas. Between 1939 and the end of 1945 North American produced 14% of the 304,400 military aircraft made in this country.

• **The Drop**—Then came the big drop. Six weeks after V-J Day, North American's backlog was down to \$36,000,000. Employment tapered from 64,091 at the end of 1944 to less than 5,000 in January, 1946.

Sales, which had risen from about \$27.6-million in 1939 to \$684-million in 1944, slid back to \$55.8-million in 1946. From 1939 to 1945, net profit ranged between \$6-million and \$8-million annually—despite taxes of over \$118-million. In 1946, profit fell to \$4-million. But 1947 was the real low point for most airframe companies. North American's case was even worse than other companies'. The reason: the Navion.

• **Cropper**—The Navion, a four-place personal plane to sell in the \$8,000 class, was put into the works in 1946 to give North American's production lines something to do. Although 1,100 actually came off the lines, costs proved too high. Besides, the market for this

type of craft proved uncertain. In July, 1947, all rights to the craft and 267 unsold planes were sold to Ryan Aeronautical.

This experiment in the private plane field set North American back over \$8-million. It was the main reason for the \$11.7-million operating loss the company reported in the fiscal year ended Sept. 30, 1947 (before utilization of a huge tax credit).

• **War Boom II**—But meanwhile, with the Navion a dying duck, Kindelberger and his associates began to get some military business from war craft—the P-82 Twin Mustang fighter, the four-jet B-45 bomber (picture, page 54), the XF-86 fighter, the FJ-1 carrier based fighter. Research into guided missiles began to pay off, too.

As the new planes developed, North American's backlog mounted. It stood at more than \$220-million until the services' new building program. Recently it was \$400-million.

• **More to Come**—Delivery of military craft at the relatively modest production rate North American has promised would carry the company far into 1950. And before that, everyone expects orders for new fighters, bombers, more T-28's. The T-28, a combined basic-primary trainer with a tricycle landing gear, has just won an industry-wide Air Force competition against 22 other designs submitted by 16 other companies.

In addition, North American expects more orders on a new type of airplane for which it rented the Downey Consolidated plant.

With this mounting business, North American seems to have zoomed away from its troubles of last summer.

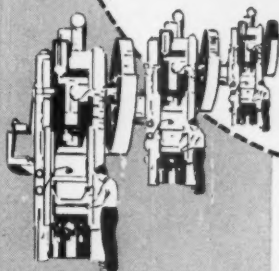
• **Heading Up**—In the six months ended March 31, 1948, for example, sales came to \$19.3-million, about as much as the total business for the 12 months ended Sept. 30, 1947. Better still, it could point to a net profit of \$753,000 in the first half of its 1948 fiscal year; this compares with the deficit of \$28,000 reported last September after using up an \$11.7-million tax carryback credit.

How well North American will do without its General Motors tie is, of course, anyone's guess. Financially, however, the company seems to have few worries. Its assets added up to over \$115-million at the end of March. Other bright spots reported then: working capital of more than \$36-million; capital and surplus close to \$40-million.

• **New Directors**—The company's three new directors are all from Los Angeles: William C. Mullendore, president of Southern California Edison; Alden Roach, president of Consolidated Steel; and Chester A. Rude, chairman of the executive committee of the Security-First National Bank. Aided by a strong congressional updraft, the company appears out of its nosedive of 1947.

*This is it...*

*for heavy impact applications*  
**The NEW LORD Shockmount**



Various Bulletins available on Vibration Control Mountings, Flexible Couplings and Bonded Rubber Products. For applications providing vibration isolation regardless of direction of disturbing forces, Bulletin No. 106; for applications isolating vibration but not subject to intense shock, Bulletin No. 104; for applications involving transient shock loads in addition to vibration, Bulletin No. 103; Flexible Couplings, Bulletin No. 200-C; Chan-L-Mounts, Bulletin 300.

**W**ITH the introduction of SHOCKMOUNTS the Lord Manufacturing Company makes another notable contribution to the problem of vibration control. They extend effective vibration isolation and control to machines of such size and weight that previous attempts to combat their enormous forces of impact have been confined to massive foundations to achieve inertia and to more or less resilient footings.

SHOCKMOUNTS will lend an increased span of life to such machines; to neighboring machines; and to the building itself. They make it possible for the first time to deal with vibration control on a factory-wide basis, regardless of the size or nature of machinery in use... with a consequent improvement in quality and amount of production, and in employee morale.

Low and compact, Lord Shockmounts are easily placed under existing equipment for bolting to floor and machine. The flexing element, synthetic rubber which is bonded to  $\frac{3}{16}$ " steel, is designed for minimum stress at maximum load, insuring high safety factor and long life. The top is folded down to shed oil and dirt and to limit horizontal movement, providing greater stability. Load capacity, up to 7500 pounds per mount.

Want to know more about Shockmounts? For detailed information write for Bulletin 400.

**LORD**

MAKE GOOD PRODUCTS BETTER  
with *Vibration Control*

**LORD MANUFACTURING CO. • ERIE, PA.**

Field Offices: Detroit • Chicago • New York • Washington, D.C.  
Providence, R.I. • Burbank, Cal. • Philadelphia, Pa.  
Canadian Representative: Railway & Power Engineering Corp., Ltd.





HERE'S ANOTHER of Sunroc's famous "firsts"...the biggest advancement the refrigeration industry has known in years.

The Sunroc Super Cooler combines the advantages of a water cooler and a refrigerator. In a compact unit, it provides properly chilled drinking water, three ice-cube trays, and a generous refrigerated storage compartment. Its modern styling harmonizes with any environment. It is engineered for maximum dependability and economical, trouble-free operation.

There are a thousand-and-one places in which only a Sunroc Super Cooler will serve. It's just the thing for business and professional offices... ideal for homes and apartments, where there's widespread need for a water cooler with refrigerating features. Get the full story of the Sunroc Super Cooler. Mail the coupon today.

America's most complete line of water coolers,  
\$199.95 up, F. O. B. Glen Riddle, Pa.



SUNROC REFRIGERATION COMPANY  
GLEN RIDDLE, PA.

Please send me literature about the Sunroc Super Cooler.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

BW-7

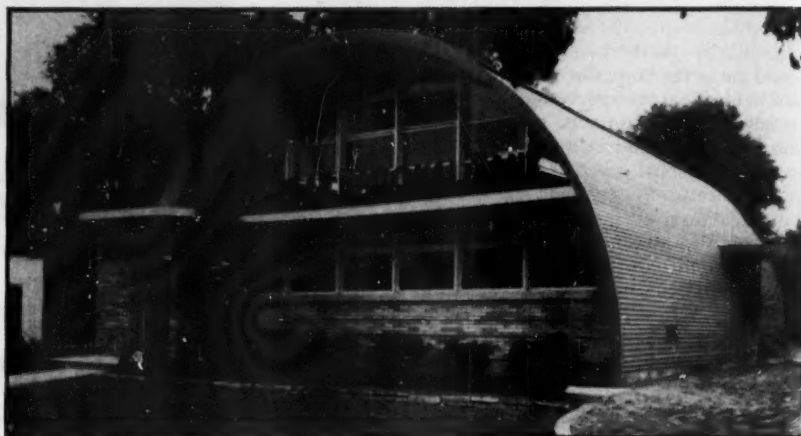
"SUNROC SERVES THE WORLD... a cool drink of water"

## PICTURE REPORT



### A Wartime Necessity . . .

After the liberation of Guam, there was no other place for the Navy to reopen the Bank of Guam but in this hastily erected Quonset hut. Now it has a peacetime cousin



### . . . Becomes a Peacetime Luxury . . .

The Michigan National Bank threw open this drive-in branch in Lansing six weeks after ordering the materials. Quick delivery was one reason the bank chose a Quonset hut



### . . . Complete with Drive-in Facilities

Behind this "one-way" teller's window, girl cashier talks to patron by "inter-com." An adjoining parking lot is available for customers who prefer banking over the counter

## Snubbed Again

Wall Street is bypassed by Port of New York Authority; Pennsylvania R. R. also sidesteps underwriters in financing.

Wall Street has had to get used to seeing big borrowers bypass its new-issues market (BW—Jun. 26 '48, p. 89). But these direct seller-to-investor deals can still make security underwriters wince.

Last week two hefty new-financing operations again had the Street by the ears: \$17,570,000 of Pennsylvania R. R. system securities, and \$30-million new Port of New York Authority airport-revenue bonds. Underwriters had expected the bonds would go through their hands. Instead, all they felt was the breeze as the issues sailed by straight—or almost straight—to the buyer.

• **Pennsylvania Deal**—Security dealers were especially put out at a Wall Street neighbor, Equitable Life Assurance Society. In the Pennsylvania financing Equitable invaded the underwriters' preserve; it competed with four investment banking syndicates for the new Philadelphia, Baltimore & Washington mortgage bonds that Pennsy put up at public auction. Equitable undercut the banking syndicates' bids, walked off with the bonds.

For a while, it wasn't known that Equitable was even in the running. As a result, a group headed by Halsey, Stuart & Co., Inc., thought it had the bonds sewed up. It had bid 98.5599% of par for 4% bonds, compared with other syndicates' bids ranging from 98.27 for 4½'s to 99.40 for 4¼% bonds.

• **Equitable Takes Over**—Then Equitable burst into the picture. It was willing to pay par for bonds with only a 3¼% coupon. Naturally, the Pennsylvania jumped at the offer.

It's Wall Street's opinion that Equitable paid a ridiculous price for the issue. Underwriters say the life company could have easily got a 4% yield on the same bonds if it had only waited till Halsey, Stuart offered them.

Equitable, on the other hand, had a rebuttal handy: It was announced that the road probably would have thrown out all bids if Equitable hadn't come up with its offer.

• **Port of New York Deal**—The sale of the Port of New York Authority bonds was an out-and-out private placement. It was the first time the Authority has ever handled any of its financing this way. And the bonds represented its initial financing for its Idlewild Airport. This combination of factors has underwriters wondering how much of the Port's similar financing—and a lot is expected—Wall Street is going to get.

HAVE YOU WEIGHED THE ADVANTAGES?



*Wayne Auxiliary Compressors*

**JUST PUT THEM WHERE YOU NEED AIR**



**INVESTIGATE** the Wayne Auxiliary Unit Plan for expanding compressed air facilities beyond the limits of your central unit by using departmentalized compressors. Then you can add buildings wherever you like and move departments without regard to compressed air pipe lines or central unit capacity. You save money when only a few departments work overtime and you may have air at the right pressure for each individual process. Write today for illustrated booklet and catalog of Wayne Air Compressors.

Industrial Division  
**THE WAYNE PUMP COMPANY**  
FORT WAYNE 4, INDIANA

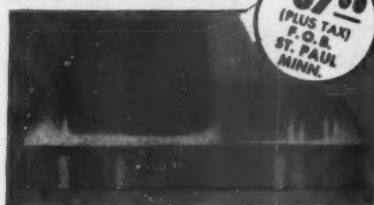
**WAYNE AIR COMPRESSORS**  
HOSE REELS • INDUSTRIAL LIFTS

**Do you employ  
1848 methods in  
your 1948 office?**



Of course not! But—just a minute... does Hortense the office gal still open the mail at break-neck (snail) speed with hairpin or slotted? **STOP LOST PROFITS RIGHT THERE...** remember, the business day begins only when the mail is IN THE HANDS OF YOUR EXECUTIVES. You've streamlined everything else... now modernize mail opening methods with I M P Electric Mail Opener—biggest \$67 worth you ever bought! **WRITE FOR DETAILS.**

**\$67.00**  
(PLUS TAX)  
P. O. &  
ST. PAUL  
MINN.



**IMP Electric MAIL OPENER**  
Industrial Molded Products Corp.  
522 MIDLAND BLDG. ST. PAUL 1, MINN.



**Convincing  
proof**

When we claim a 'Budgit' electric hoist saves many minutes an hour against hand-lifting—that the savings always pay for the hoist—sometimes very quickly, we offer as proof the many thousands of 'Budgits' in hundreds of industries. They do save money and they do allow workers to produce much more at less cost because they make the job so much easier. For your hand-lifting jobs change to 'Budgit' electric hoists. *Write for Bulletin No. 371.* Made in sizes to lift 250 to 4000 lbs. \$119 up.

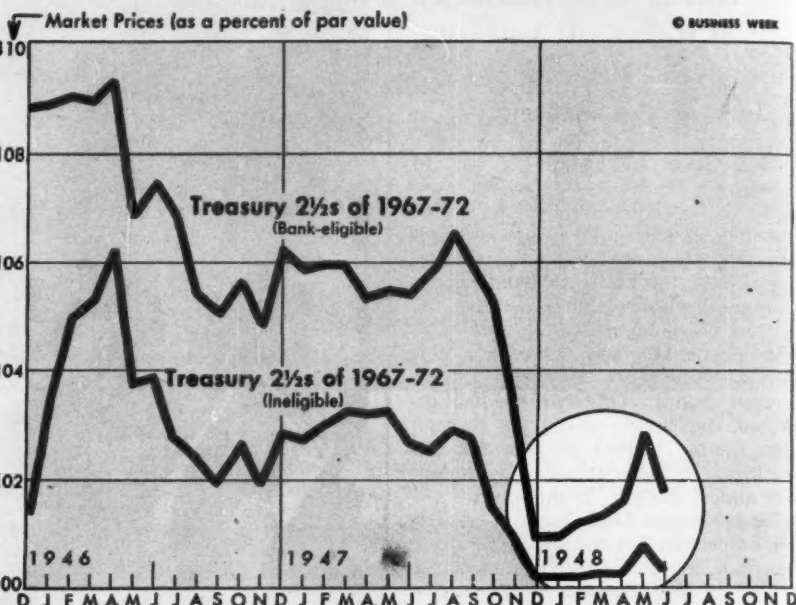


**'BUDGIT'**  
**Hoists**

**MANNING, MAXWELL & MOORE, INC.**  
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

# THE MARKETS



## Government Bonds Turn Down

That can be bearish for the stock market, and it may well mean corporations will have to pay higher interest costs if they borrow in near future. Governments are near support level.

Things have been going sour for the bulls in the government bond market lately. And that's a poor omen for stock prices, as well as corporations that hope to borrow money in the near future.

There is no hard-and-fast link between stock prices and basic interest rates as reflected in the price of governments. But it is hard for stocks to get anywhere if bonds are wobbly. And a long-term downtrend in bond prices sooner or later is likely to drag stocks down, too.

• **Up, Then Down**—Six weeks ago the government bond market was firming up smartly—for the first time since the big

spill last December when the Federal Reserve System lowered its support prices (BW—Jan. 3'48, p52). Secretary of the Treasury John W. Snyder gave prices a boost when he announced that the rate on one-year certificates would remain at 1 1/2% through the summer (BW—May 29'48, p94). Practically everyone had expected the rate to go to 1 1/4%, and there was a rush to get back into the market.

But around the middle of June the rally suddenly petered out. Prices of all government issues started to slip. Now most of them are back just about to support levels.

• **Two Cases**—Take, for instance, the two bellwether long-term issues, the 2 1/2% of 1967-72 (chart). Last January, after the Reserve System lowered its pegs, the issue that is eligible for purchase by commercial banks was selling at 101 1/32. The May rally carried it up to 102 29/32. Now it is back to 101 24/32.

The other issue of 1967-72 is not eligible for purchase by banks. It followed about the same pattern on a smaller scale. In January it sold for 100 9/32. By the end of May it was up to 100 27/32. Now it is down to 100 9/32 again.

In the staid, slow-moving government

### Security Price Averages

|               | This Week | Month Ago | Year Ago |
|---------------|-----------|-----------|----------|
| <b>Stocks</b> |           |           |          |
| Industrial    | 164.1     | 165.1     | 165.0    |
| Railroad      | 51.1      | 51.3      | 50.8     |
| Utility       | 74.5      | 73.7      | 73.5     |
| <b>Bonds</b>  |           |           |          |
| Industrial    | 120.6     | 120.5     | 122.0    |
| Railroad      | 108.4     | 108.1     | 108.3    |
| Utility       | 118.0     | 118.1     | 113.0    |

\* Not available.  
Data: Standard & Poor's Corp.



market, this downward trend is a sizable swing—and a disheartening one for the bulls.

• **What Caused Slide?**—Wall Street blames the latest spill on the Treasury's decision to let institutional investors increase their purchases of the restricted series F and G savings bonds during the first two weeks of July. Dealers figure that will siphon \$500-million to \$1-billion or more out of the market. They think the institutional holders are sell-

ing some of their other securities to get money for F and G purchases.

But that's not the whole story. The market's quick reaction to the Treasury's announcement shows that the previous firmness in prices rested on a skimpy foundation. The fact is that the basic trend in interest rates is upwards, which means that the trend in prices is down. Only the assurance of Federal Reserve support keeps the government market where it is.

## The 1948 Bull Market Levels Off

| Stock Group                      | Standard & Poor's Indexes (1935-36=100) |              |               |               |                |              | Range |
|----------------------------------|---|--------------|---------------|---------------|----------------|--------------|-------|
|                                  | Mar. 17, 1948                           | May 19, 1948 | June 23, 1948 | Mar.-May Gain | Mar.-June Gain | 1947-48 High |       |
| Radio.....                       | 102.0                                   | 151.1        | 164.6         | 48.1%         | 61.3%          | *164.9       | 99.2  |
| Textile and apparel.....         | 199.6                                   | 263.6        | 264.7         | 32.1          | 32.6           | *272.1       | 190.1 |
| Copper.....                      | 109.6                                   | 140.0        | 143.2         | 27.7          | 30.7           | *143.2       | 77.8  |
| Oil.....                         | 151.3                                   | 182.9        | 196.6         | 20.9          | 29.9           | *202.1       | 134.4 |
| Mining and smelting.....         | 72.4                                    | 90.2         | 93.7          | 24.6          | 29.4           | 98.4         | 72.4  |
| Fertilizer.....                  | 214.6                                   | 272.2        | 275.6         | 26.8          | 28.4           | *288.4       | 185.9 |
| Utility holding companies.....   | 99.2                                    | 120.3        | 127.2         | 21.3          | 28.2           | *127.2       | 83.6  |
| Printing and publishing.....     | 117.6                                   | 150.3        | 150.5         | 27.8          | 27.8           | 174.9        | 116.7 |
| Paper.....                       | 241.6                                   | 311.9        | 307.6         | 29.1          | 27.3           | *323.4       | 234.6 |
| Department stores.....           | 162.3                                   | 206.4        | 206.4         | 27.2          | 27.2           | 219.9        | 162.3 |
| Lead and zinc.....               | 98.0                                    | 121.2        | 123.7         | 23.7          | 26.2           | *127.7       | 96.5  |
| Automobile.....                  | 106.6                                   | 122.5        | 133.9         | 14.9          | 25.6           | *133.9       | 106.6 |
| Railroad stock index.....        | 101.9                                   | 126.3        | 127.8         | 23.9          | 25.4           | *127.8       | 92.3  |
| Metal fabricating.....           | 105.2                                   | 132.5        | 131.6         | 26.0          | 25.1           | 141.4        | 104.2 |
| Coal.....                        | 224.7                                   | 269.8        | 281.0         | 20.1          | 25.1           | *286.8       | 165.2 |
| Auto parts, accessories.....     | 108.8                                   | 131.9        | 135.3         | 21.2          | 24.4           | *138.8       | 107.9 |
| Electrical equipment.....        | 86.4                                    | 103.7        | 107.1         | 20.0          | 24.0           | *109.6       | 83.5  |
| Mail-order, general chains.....  | 157.9                                   | 197.5        | 194.8         | 25.1          | 24.0           | *199.4       | 155.0 |
| Industrial stock index.....      | 117.9                                   | 139.0        | 142.4         | 17.9          | 21.7           | *143.7       | 117.0 |
| Steel.....                       | 120.6                                   | 141.5        | 146.3         | 17.3          | 21.3           | *146.6       | 110.9 |
| Building materials.....          | 111.8                                   | 134.6        | 135.0         | 20.4          | 20.8           | 137.9        | 106.6 |
| Capital goods stocks.....        | 107.3                                   | 127.4        | 129.4         | 18.7          | 20.6           | *130.8       | 105.6 |
| Distillers.....                  | 259.8                                   | 326.2        | 312.7         | 29.6          | 20.4           | 366.4        | 259.8 |
| Consumer goods stocks.....       | 112.1                                   | 133.5        | 134.8         | 19.1          | 20.3           | 142.9        | 112.1 |
| Agricultural machinery.....      | 124.2                                   | 149.3        | 149.3         | 20.2          | 20.2           | *151.2       | 113.0 |
| Machinery.....                   | 107.0                                   | 131.0        | 127.7         | 22.4          | 19.4           | *134.0       | 99.4  |
| Dairy products.....              | 152.0                                   | 171.3        | 180.2         | 12.7          | 18.6           | 208.3        | 152.0 |
| Composite stock index.....       | 113.9                                   | 132.3        | 134.9         | 16.2          | 18.4           | *136.0       | 112.4 |
| Office, business equipment.....  | 129.7                                   | 148.2        | 152.6         | 14.3          | 17.7           | *156.2       | 117.4 |
| Floor coverings.....             | 112.6                                   | 130.1        | 131.9         | 15.6          | 17.1           | *132.9       | 99.8  |
| Tires and rubber goods.....      | 162.7                                   | 199.4        | 189.8         | 19.5          | 16.6           | 237.8        | 162.6 |
| Chemicals.....                   | 115.9                                   | 133.5        | 134.9         | 15.2          | 16.4           | *136.3       | 115.9 |
| Railroad equipment.....          | 97.3                                    | 115.7        | 112.8         | 18.9          | 15.9           | 127.5        | 97.3  |
| Shipbuilding.....                | 165.1                                   | 194.0        | 191.2         | 17.5          | 15.8           | *202.4       | 134.9 |
| Finance companies.....           | 86.5                                    | 94.2         | 99.5          | 8.9           | 15.0           | *99.8        | 81.0  |
| Food chains.....                 | 159.8                                   | 177.0        | 182.7         | 10.8          | 14.4           | 192.7        | 156.7 |
| 5¢-10¢-15¢ stores.....           | 113.3                                   | 127.4        | 128.8         | 12.4          | 13.7           | 134.2        | 110.9 |
| Containers (metal).....          | 67.3                                    | 77.7         | 76.2          | 15.5          | 13.2           | 84.9         | 64.9  |
| Baking and milling.....          | 131.4                                   | 147.7        | 147.9         | 12.5          | 12.6           | 165.8        | 131.4 |
| Meat packing.....                | 140.9                                   | 159.2        | 156.6         | 13.0          | 11.1           | 170.9        | 140.1 |
| Leather.....                     | 101.7                                   | 118.9        | 112.7         | 16.9          | 10.8           | 156.9        | 101.7 |
| Drugs and cosmetics.....         | 93.0                                    | 106.8        | 101.4         | 14.8          | 9.0            | 146.3        | 93.0  |
| Utility operating companies..... | 93.9                                    | 101.9        | 102.2         | 8.5           | 8.8            | 117.4        | 93.3  |
| Shoes.....                       | 105.5                                   | 111.9        | 113.6         | 6.1           | 7.7            | 118.4        | 101.4 |
| Aircraft manufacturing.....      | 111.3                                   | 123.6        | 119.9         | 11.0          | 7.6            | *125.6       | 78.9  |
| Soaps and vegetable oils.....    | 132.7                                   | 140.7        | 140.0         | 6.0           | 5.5            | *148.4       | 120.2 |
| Sugar.....                       | 90.8                                    | 99.1         | 95.1          | 9.1           | 4.7            | 119.1        | 90.8  |
| Telegraph and telephone.....     | 92.7                                    | 98.8         | 96.4          | 6.6           | 4.0            | 111.5        | 92.7  |
| Motion pictures.....             | 145.9                                   | 178.7        | 151.2         | 22.5          | 3.6            | 236.6        | 138.6 |
| Soft drinks.....                 | 139.3                                   | 148.2        | 142.4         | 6.4           | 2.2            | 174.9        | 138.2 |
| Tobacco products.....            | 75.9                                    | 79.3         | 76.9          | 4.5           | 1.3            | 93.6         | 74.9  |
| Containers (glass).....          | 98.3                                    | 110.3        | 98.1          | 12.2          | -0.2           | 140.3        | 96.8  |
| Gold mining (U. S.).....         | 64.2                                    | 67.2         | 62.2          | 4.7           | -3.1           | 79.0         | 62.2  |
| Shipping.....                    | 280.0                                   | 406.5        | 368.4         | 7.0           | -3.1           | *406.5       | 355.6 |
| Air transport.....               | 238.3                                   | 260.3        | 228.5         | 9.2           | -4.1           | 323.9        | 217.2 |

\* Registered in 1948

**Check List To Help You  
Enjoy Your Trips**  
28 Convenient  
**WABASH**  
trains . . . including  
2 Great Streamliners . . .  
are at your service  
daily between . . .

### St. Louis and Kansas City

The new Streamliner "City of Kansas City" is the last word in modern rail travel.

### St. Louis and Kansas City, Denver and the West Coast

The Streamliner "City of St. Louis" is a companion train to the "City of Kansas City." Enjoy luxurious, through service from St. Louis to Kansas City, Denver, Los Angeles, San Francisco or Portland. Standard sleepers . . . no changes en route.

### Detroit and Chicago

Your choice of 3 convenient trains daily.

### Chicago and St. Louis

Your choice of 3 convenient trains daily.

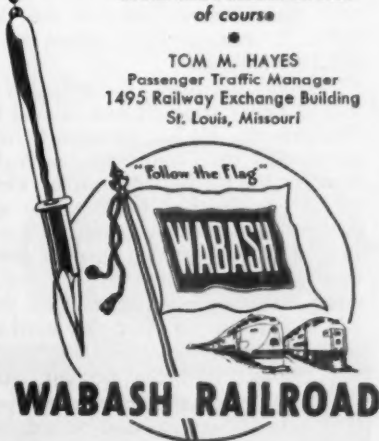
### St. Louis and Detroit

Your choice of 2 convenient trains daily.

### St. Louis and Des Moines Omaha Toledo

Convenient daily service.  
Coach and Pullman service  
of course

TOM M. HAYES  
Passenger Traffic Manager  
1495 Railway Exchange Building  
St. Louis, Missouri



# LABOR



THE OLD MASTER takes the applause of his disciples as . . .

## Lewis' Miners Score Victory

Settling after the third wage round is well under way, U. M. W. gains \$1 a day in pay and 10¢ more per ton for its welfare fund. That makes the agreement the biggest gain yet for Big Labor.

Add up the \$1-a-day wage increase and 10¢-a-ton boost in royalty payments to the miners' welfare fund which the new soft-coal contract provides and you get an average hourly wage increase of 20¢.

• **Best Yet**—That's substantially more than other big unions have won this year; most of the settlements have fallen within a 11¢-13¢ range.

The coal wage hike adds new luster to the Lewis title of labor's most effective leader. And it appears to vindicate the judgment of employers who settled with their unions earlier in the year, before the coal miners set their par for the 1948 course.

• **"Willing and Able"**—Actually, the extent of Lewis' triumph goes beyond the 20¢ measure. He has managed to hold, for another year, contract terms highly favorable to his union—some of which are of questionable legality. The new contract, like the old, has in it the controversial "willing and able to work" clause. This has been interpreted to mean that the miners can walk off their jobs at any time—because they need not work if they are not "willing"—without a breach of the agreement. And, under the contract, if such a stoppage occurs, the employers have signed away

their right to recourse in the courts and before the National Labor Relations Board.

• **Union Shop**—The union shop remains, too. The Taft-Hartley act specifically says that a union shop may be put into a contract only after an NLRB vote won by a qualified union. Lewis' United Mine Workers has never even deigned to qualify under T-H—but the open-shop provision is in the new agreement. Already, the fact that the government has not raised its voice about this has stirred considerable comment.

Presumably, the government is glad to close the issue on any terms; up until the moment of the agreement it was involved with the formidable mine labor chief in the courts, before NLRB, and through a special presidential fact-finding board.

• **Storing Up Trouble**—A widely relished Washington gag has it that the White House would not have called off its dogs until Lewis agreed to a two-year contract—except that the White House may expect a new occupant next year. And it's a political habit to arrange for your opponents to have a few tough problems.

As it is, the new contract runs only for one year—to July 1, 1949; the coal

industry can expect another tumble in the hay next spring.

• **Operators Quiescent**—As part of the present deal: (1) Government litigation against the Lewis union is ended, and (2) the operators have withdrawn from the courts as well.

Through Ezra Van Horn, the employer representative on the three-man board of trustees which administers the welfare fund, the operators had stopped welfare-fund disbursements voted by Lewis and Sen. Styles Bridges, the other two trustees. Van Horn contended in court: The pension payments had been illegally ordered under the Taft-Hartley act and would bankrupt the fund.

Federal Judge T. Alan Goldsborough—who in the last two years has become the judicial expert on the problems raised by Lewis' activities—ruled against the Van Horn claims.

But Goldsborough sat only as a court of initial jurisdiction; his decision could be appealed to higher tribunals. Many lawyers felt that the Goldsborough opinion had a better-than-even chance of being reversed, because he had brushed aside the T-H law questions in the case. Now Van Horn will not appeal.

He has, in fact, changed his vote on the pension payments. So \$100 per month for life will be paid to every miner with 20 years of service in the industry who has become 62 years of age after May 29, 1946. The fund out of which these payments will be made will now, of course, be twice as hard to bankrupt. The new contract doubles the royalty payment that supports it.

• **Handsome**—The total royalty payment is the handsomest in the labor movement. At present coal production and employment levels it equals 15¢ an hour in wages.

It will build an annual fund of something over \$100-million. Lewis counts on it to provide distress aid, medical service, death benefits, and other welfare benefits as well as pensions.

• **Steel on the Spot**—Meanwhile, the "captive mine" companies owned by the steel industry are accepting the new coal deal with the greatest reluctance. For them, the matter involves not only miners, but a half-million C.I.O. steelworkers who have had no 1948 pay boost.

U. S. Steel took the leadership in telling these followers of Philip Murray that the industry would try a price cut instead of a wage hike in an effort to keep the nation's costs down. The coal pay rise, leading to an increase in coal prices, means a steel price boost. And the argument against raises for the steelworkers is washed out.

It is not expected that steel will duplicate in its mills the 20¢-an-hour raise in labor costs it will meet in its mines. But the industry is figuring that "substantial" upward adjustments will have to be made, and soon.

## Communists Win

Despite the Steelworkers' ban, its Inland Steel local elects a Communist-backed slate. Now it's Murray's move.

The C.I.O. United Steelworkers Union faces a tough problem: dealing with a local that deliberately defied its new anti-Communist edict.

At its annual convention in Boston last month (BW-May 22 '48, p106), the union barred from elected office anyone who is "a member, consistent supporter, or who actively participates in the activities of the Communist Party."

• **By Forfeit**—Last week Local 1010 of the union, representing 10,000 members at Inland Steel Co.'s Indiana Harbor (Ind.) plant, elected new officers. Eleven of the 13 winners were running on the "progressive" ticket, backed by the Communists; two minor offices went to candidates backed by Joseph Germano, Communist-hating director of the U.S.W.'s Chicago-Calumet district.

With the Communist issue in the open before a cross-section of American workers who can exercise a free choice, why do the Communists win? More often than not, the answer is indifference. A majority of those who can decide the issue think it's too trivial to bother about. And among the minority that does decide—by forfeit—the Communists do a persuasive job.

• **Inland Steels' Try**—Inland Steel recognized this fact and, itself, took a hand in the election.

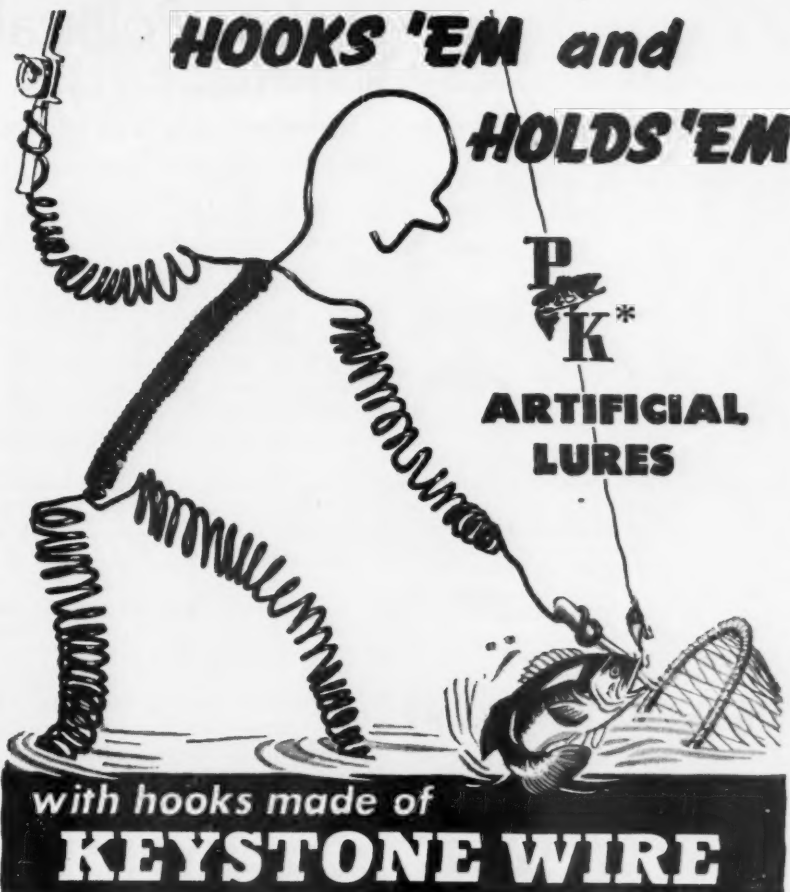
It distributed circulars urging union members to name men "who are strong, progressive, and determined to represent you and not the Communist Party." The effort was unavailing; only some 3,500 out of 10,000 eligible voted.

• **Powell and Migas**—New president is Harry Powell, elected over three opposing candidates. Of him, the local's Joint Committee for Clean Unionism has said: "Although not now a party member, he admittedly has been a consistent supporter and follower of the party line, and has always voted in favor of proposals made by Communists."

But the wheelhorse in the Local 1010 revolt is Nick Migas. At the Boston meeting, Migas was beaten up after he criticized president Philip Murray's policies. Migas is a national executive committeeman of the Communist Party.

In last week's election, Migas was named grievance committeeman. His avowed purpose: to test the international union's anti-Communist rule.

• **Murray's Move**—The next move is up to Murray. And in any battle between leftists and rightists, Inland Steel itself appears certain to suffer.



**HOOKS 'EM and HOLDS 'EM**

**P & K\***

**ARTIFICIAL LURES**

with hooks made of  
**KEYSTONE WIRE**



P & K fishing lures have the lively, life-like action the big ones can't resist. And, when they strike . . . WHAM! . . . they're snagged by hooks that hold!

P & K fish hooks are made of Keystone high carbon steel wire. The wire is ductile . . . capable of withstanding the severe strain of forming into fish hooks without fracture. It is perfectly adapted to the special tempering that makes P & K fish hooks strong and rugged. Their points stay sharp longer. Heavy nickel plating prevents rust.

We are proud that Keystone wire fulfills the exacting requirements necessary for high product quality. Whatever your industrial wire specifications, Keystone can normally supply them.

\*P & K, Inc.,  
3450 Archer Ave.,  
Chicago 8, Ill.

**SPECIAL ANALYSIS WIRE**  
for all industrial purposes



**KEYSTONE STEEL & WIRE COMPANY**  
PEORIA 7, ILLINOIS



## Answer to a maiden's prayer



Business girls want comfort in the office. You want efficiency. Both needs are answered with Harter posture chairs. Every model is fully adjustable by the occupant to her own figure. Harter's curved-to-fit back rest provides correct posture support and all-day comfort.

Ask your Harter posture chair dealer for a free trial. He'll gladly let one of the girls in your office use a Harter posture chair for 10 days' trial—without obligation.

**HARTER**  
STURGIS, MICHIGAN  
POSTURE CHAIRS • STEEL CHAIRS

FREE! Write for illustrated booklet, "Posture Seating Makes Sense." Harter Corporation, 207 Prairie Ave., Sturgis, Mich.

Makers of  
good products  
make good  
in the light of  
tests for **FACTS**

**ELECTRICAL TESTING  
LABORATORIES INC.**

Specializing in  
TECHNICAL SERVICES  
to those intent upon good quality  
2 East End Avenue at 79th St., New York 21, N. Y.



Research  
Testing  
Analysis  
Inspection  
Surveys  
Statistics

## Labor Political Action Sluggish

Unions may play an apathetic role in the 1948 elections. They don't want to go Republican, but don't cheer much for Truman either. Internal dissensions, Taft-Hartley law add to woes.

If it's Dewey vs. Truman, a lot of labor is going to sit that one out. Most of the unions just can't find the heart to go Republican; Franklin D. Roosevelt drummed into them that the G.O.P. is the employers' party. And very few can whip up any real enthusiasm for Harry Truman. So there is little to indicate that the 1948 election will live up to its billing as a big union year at the polls.

• **Internal Struggles**—Labor's League for Political Education (A.F.L.) is behind schedule both on money-raising and "educational" work. And it is hampered by a split between conservative and liberal wings. Some of the important unions—such as the carpenters' headed by pro-Republican William Hutcheson; and the International Ladies Garment Workers—are pressing their own political programs. They don't see eye-to-eye with the L.L.P.E.—directed by secretary-treasurer George Meany and Joseph D. Keenan (BW—Feb. 21 '48, p. 104).

C.I.O.'s Political Action Committee is faring even worse. The leftwingers in C.I.O.—and its best bell-pushers of other political campaigns—are busy outside the P.A.C. this year.

Officers of the United Electrical, Radio & Machine Workers are directing the National Labor Committee for Wallace and Taylor. U. E. and other leftist unions have broken with C.I.O.'s national policies by supporting the third party.

A few strong city councils—including the one in New York—have also defied Philip Murray's orders against supporting Wallace. Rightwingers have put added energy into P.A.C. organizational work—but so far the results don't amount to very much.

• **Tug of War**—The programs of other major labor organizations haven't gathered any more momentum. The railroad brotherhoods are working mainly on a local basis. Efforts to get them to team up with the big L.L.P.E. or P.A.C. haven't jelled. John L. Lewis' United Mine Workers are quiet. (Lewis is expected to be in the Republican camp this November.)

The independent and politically-ambitious International Assn. of Machinists so far is merely getting I.A.M. families registered for voting.

Hence, in many areas a half-dozen union political drives—all rather sluggish—are pulling against each other. Probably there will be some cooperation later on the lower levels between A.F.L. and

C.I.O.; how much and how soon are questions.

• **Supreme Court Decision**—Meanwhile, unions got little guidance in the recent Supreme Court decision on political action under the Taft-Hartley law (BW—Jun. 26 '48, p. 112). The high court ruled that unions can endorse candidates and express political views in union publications for regular subscribers. The court refused to rule on whether the T-H ban on political expenditures violates the free-speech amendment to the Constitution.

Another and better test may come in a second case, pending in the U. S. District Court in Connecticut. The free-speech issue will be directly involved. The A.F.L. Painters' Union is under indictment for spending union funds for radio and newspaper political advertising. However, it is improbable that any conclusive decision will come in this



### A. F. L. Choice

Keen Johnson—former newspaper editor, former assistant to the president of Reynolds Metals, former governor of Kentucky—is the A.F.L.'s choice for U. S. Secretary of Labor. If Truman gives Johnson the job, the A.F.L. may feel a little warmer toward the Democratic ticket in 1948. But that would pose this puzzler for Truman: Which is worth more—pleasing the A.F.L. or the C.I.O.? As for the C.I.O., it would like to see the post go to Clinton S. Golden, former official of the steel union who is presently aiding Paul Hoffman in ECA.

case until after the November election.

• **Pay Now, Worry Later**—That leaves unions uncertain about:

• Paying salaries and expense money to political observers—both A.F.L. and C.I.O. sent them to the recent G.O.P. convention.

• Buying radio time and newspaper space to discuss politics and candidates.

• Hiring halls and sponsoring rallies for political speakers.

• Hiring taxis and otherwise spending money in "get-out-the-vote" campaigns.

• Publishing handbills and pamphlets for political purposes, and sending them to nonsubscribers.

Best guess is that the unions will make such expenditures anyway—and worry about legality later.

## RUMBLING AT OAK RIDGE

Carbide & Carbon Chemical Corp.'s atomic wage problems at Oak Ridge, Tenn., didn't end with the company's recent settlement with A.F.L. This week, Carbide & Carbon was preparing to begin negotiations on new wage demands by C.I.O.'s Gas, Coke & Chemical Workers; the union represents 2,800 production workers in the K-25 gaseous diffusion plant.

• **Contract**—The C.I.O. union has a contract which runs to June 9, 1949. It got a 10¢ across-the-board raise when it signed this pact last December; it gave in return a no-strike pledge and a guarantee against any new pay demands before Aug. 9, 1948.

Recently it filed a 60-day notice that: (1) it wants the same wage boost that A.F.L. got, and (2) it intends to invoke a clause which sets aside the union no-strike pledge when negotiations don't produce a settlement within the 60-day limit.

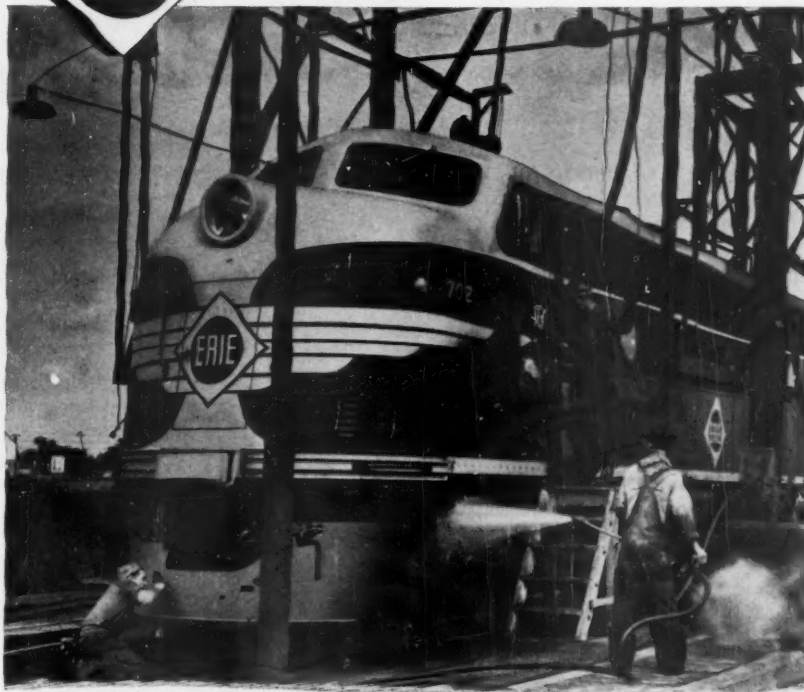
• **Settlement**—Carbide & Carbon settled its contract dispute with the A.F.L.'s Atomic Trades & Labor Council after an 80-day "national emergency" injunction against a strike ran out (BW—Jun. 19'48, p16).

Federal mediators brought company and union together on a 15¢ hourly pay boost (the company's "final offer" under the injunction was 10¢). The union accepted company terms on what was the real issue of the dispute—management's right to limit atomic plant workers to the same vacation, sick-leave, and insurance programs in effect in other Carbide & Carbon plants.

**The Pictures**—Acme—62, 73 (top), 74, 79; Black Star—19 (bot. right); Sovfoto—19 (top left); Wide World—19 (bot. center), 64, 73 (bot.).



...Mark of PROGRESS in Railroading



## Service station with 130 attendants

• It takes a crew of 130 men to completely service big Diesel Locomotives at one of Erie's maintenance points. At fueling station or repair pits, they work as a team to groom the iron horse for its next run.

Ruggedly built for heavy work, yet Erie Diesels are serviced more regularly and thoroughly than the finest automobile. Each time they arrive at their maintenance terminal, they are washed, refueled and lubricated, then given a complete mechanical inspection.

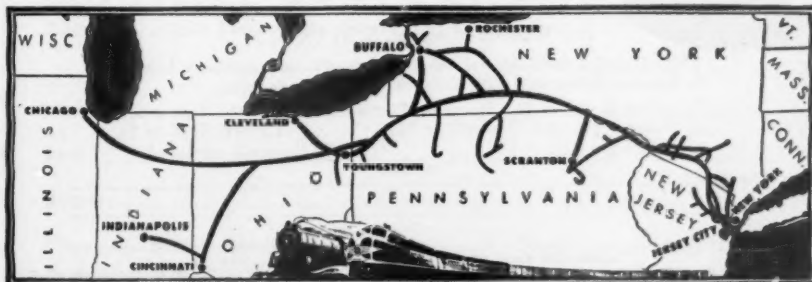
The new facilities and modern

methods of maintenance are typical examples of progress in railroading.

The Erie's continuing program of research is devoted to such progress—to find even better ways of providing safe, dependable transportation for both passengers and freight.

## Erie Railroad

Serving the Heart of Industrial America





# MOSINEE

## "More than Paper"

MOSINEE means scientifically controlled materials that provide various functional and economic advantages in chemical, electrical and physical properties for a wide variety of products.

**MOSINEE PAPER MILLS COMPANY, Dept. W, MOSINEE, WIS.**  
*"Essential Paper Manufacturers"*

## Read how SCIENCE is modernizing American Industry!

To Keep Pace with the Latest Advances of Science — read Science Illustrated!

No one group of men are quickening the pulse of industry more than the scientists. Think of the revolutionary changes they are bringing...with atomic power, jet propulsion, new mining and processing methods, new transportation, synthetics, etc. You can learn about the new developments of science — and what they mean to you — through the new monthly magazine, Science Illustrated.

Science Illustrated is so factual it brings you new ideas for your own industry... so broad in scope it keeps you up-to-date on fields outside your own... so skillfully written and richly illustrated it's entertaining as well.

### Covers Over 30 Fields Including:

|              |                  |
|--------------|------------------|
| Minerals     | Photography      |
| Architecture | Automobiles      |
| Aviation     | Railroads        |
| Television   | Electricity      |
| Electronics  | Petroleum        |
| Optics       | Machine Industry |

Timely articles — over 30 a month  
Detailed photographs — over 140 a month

Large-sized pages — over 100 a month

Mail the Order Form Below —  
It Saves You \$4.00!

Imagine! You can order 36 big issues of Science Illustrated (3 full years) for **ONLY \$5!** This special rate saves you \$4 over the one year price. We'll start your subscription with the big new issue now on the press — **IF YOU MAIL YOUR ORDER WITHIN 10 DAYS.**

### MAIL YOUR ORDER NOW

Science Illustrated  
330 West 42nd Street, N. Y. 18, N. Y.

**YES! I accept your special offer. Start my subscription to Science Illustrated with the new issue now on press.**

- ☐ I prefer 2 yrs. at \$4 (Saves me \$2 compared with the 1-yr. rate)  
☐ I prefer 3 yrs. at \$5 (Saves me \$4)  
☐ Bill me later

☐ I prefer 1 yr. at \$3  
☐ Payment enclosed

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Zone \_\_\_\_\_ State \_\_\_\_\_

ALSO ON SALE AT ALL NEWSSTANDS.....25¢ BW 7-3



TEXTILE LABOR in South expects . . .

## Action at Dan River To Set Cotton Wages

Southern cotton mill operators are watching the big Dan River Mills in Virginia for their cue on 1948 wage bargaining.

• **Bellwether**—Dan River's contracts with the C.I.O. Textile Workers Union of America terminate on Aug. 1. Whatever Dan River does about a new union demand for a 15¢ hourly wage boost is expected to sweep through other mills in Georgia, Alabama, and the Carolinas like a July electric storm.

I.W.O.A. mill workers from ten states recently voted to ask employers for the 15¢ raise, six paid holidays, employer-paid insurance, and more vacation pay. The demand isn't a part of the national third-round wage drive—whatever raise comes out of July talks will be the fifth in the southern mills since 1945. This time, the textile workers' union took a look at first-quarter earnings of textile mills, called for another hike in pay.

• **Slump in Orders**—Mill operators deny that a raise is justifiable. They have watched a recent slump in new orders with considerable anxiety. Recently Bibb Mfg. Co. and other mills cut their work-week—generally by eliminating premium-pay overtime hours, night shifts, and Saturday work. Marshall Plan orders, which had been expected to bolster summer and fall production, haven't come through yet. Unless they do—or domestic orders pick up sharply—operators expect further reductions in the work-week will be necessary.

Despite this, most mills will fall into line with the raise, whatever it is, that Dan River gives its unionized textile workers. For the nonunion operators, such a policy is insurance against C.I.O.'s Operation Dixie. This fits the



pattern followed by the nonunion mills for the past two years: One of their techniques in checking Operation Dixie has been to keep wages on a par with those in the C.I.O. mills.

## Work Guarantee

Contract between Metal Mouldings Corp. and U. A. W. gives 50 weeks of work to employees with 10-year seniority.

Guaranteed annual employment has shown up in the automobile industry. It is provided in a contract just signed by Metal Mouldings Corp., of Detroit, and C.I.O.'s United Auto Workers. While U.A.W. isn't completely satisfied, it looks on the agreement as a milestone in its long drive for year-round pay.

• **Transfers Legal**—The Metal Mouldings contract guarantees 50 weeks of work in the contract year for employees with 10-year seniority. But that does not mean that the company must pay covered employees their regular job rate for the full 50-week period. If necessary, it can put them on any type of job. And if it does transfer workers to assure continued employment, it can pay them the rate set for the new job. A skilled machine operator, for instance, may be re-assigned—and paid—as an unskilled porter if the plant has to shut down.

The 10-year qualification and the absence of a hard-and-fast wage guarantee weaken the pact from the union standpoint. As far as the company is concerned, these are necessary financial safeguards.

• **80 Affected**—Metal Mouldings, manufacturer of auto trim, has 425 employees. About 80 of them have 10-year seniority, hence come under the 50-week work guarantee. The company's concession on the work guarantee apparently was based on a belief that as long as it stays in production, it will need a factory payroll of at least 80 employees.

The Metal Mouldings agreement also provides for five days of sick leave per year, rather than paid holidays. To be eligible, an employee must be on the seniority list for the entire year. He is paid a lump sum in mid-December for sick leave taken since the preceding Jan. 1. Three-week paid vacations are provided for 10-year employees. Sick leave and vacation pay is computed at 20¢ above the regular hourly rate. Metal Mouldings operates on a piecework basis, and the 20¢ premium brings the base rate up to the average hourly earnings of most employees.

The 1948 contract gave production workers a 10¢ hourly raise. Non-production workers got a 15¢ hourly increase.

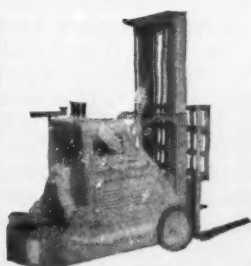


## HANDLING COSTS take a FALL when you team up with MOBILIFT!

You can bring handling costs down where they belong! It's a simple matter with MOBILIFT (affectionately called the "Mighty Midget" by thousands of users).

MOBILIFT eliminates costly re-handling. It loads, lifts, transports, and stacks in one continuous motion—and does it faster than any other lift truck. The basic reason for MOBILIFT's speed is its patented clutch which eliminates all gear shifting. This factor alone means easier operation, less space required and more trips per hour.

Let a MOBILIFT specialist show you how you can cut your materials handling costs with the "Mighty Midget." Mail the coupon today!



**MOBILIFT**  
"The MIGHTY MIDGET"

### MOBILIFT CORPORATION

835 S. E. Main Street, Portland 14, Oregon B-W

Please send me your illustrated folder on Mobilift operation.

Name \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_



There's a lot of satisfaction, and peace of mind, too, in knowing your property is protected by a Stewart Chain Link Wire Fence. Stewart's famous All Beam fence framework construction is the heaviest and strongest manufactured . . . built to give the utmost in protection and many extra years of low cost service. Write for Catalog No. 83. It contains complete details.

**THE STEWART IRON WORKS CO., INC.**  
1516 Stewart Block, Cincinnati 1, Ohio  
Exports in Metal Fabrications since 1886



### CAREFUL!

Almost half of the businesses badly damaged by fire shut up shop for good. Be careful . . . get PYRENE! There are precision-made PYRENE extinguishers for every fire hazard—including manual and automatic systems for large industrial plants. Buy PYRENE from your local distributor. (Protect your home with PYRENE, too!)

**FREE!** Send for bulletin: "WHAT YOU SHOULD KNOW ABOUT FIRE EXTINGUISHERS."



U. S. Pat. Off.

**PRECISION-MADE FOR SURE PROTECTION**

**Pyrene Manufacturing Company**

577 Belmont Ave., Newark 8, N. J.

Affiliated with C.O.-Two Fire Equipment Co.

**Have You Tested Your Fire Extinguishers Lately?**



## Grounds for Discourse

Officials of the United Auto Workers broke ground recently on the outskirts of Detroit for station WAIW-FM—the first radio station to be operated by a C.I.O. affiliate. Here Emil Mazey, the auto union's acting president, shovels the first spadeful of dirt. Looking on, from left to right, are: vice-president Richard Gosser; Norman Matthews, head of United Auto Worker's radio

department; and contractor Emil Van-Sile.

There is at least one other union radio station in existence: It is WCFL—an AM station—owned by the Chicago Federation of Labor. The U.A.W.'s new FM station will have a 300-ft. antenna, and will cover the southwestern Michigan area. The union will sell only enough commercial time to pay operating costs.

## Boeing Union Loses Bargaining Rights

Unions have had a sharp reminder of what it can cost them if they fail to file 60-day strike notices under the Taft-Hartley law. The price can be loss of status as collective bargaining agent.

• **Court Decision**—That's what happened to the striking International Assn. of Machinists at Boeing Airplane Co.'s Seattle plant last week: The I.A.M. local lost its representation rights through a court decision. This independent union once had a firm hold at Boeing, now it is apt to lose its grip.

U. S. District Judge John C. Bowen, in Seattle, ruled that the union hadn't given Boeing the required strike notice. The decision came in a hearing on a National Labor Relations Board petition for an injunction against Boeing. The board accused the company of two unfair labor practices: (1) interfering with employees in the exercise of their rights under the T-H law; (2) refusing to bargain collectively with the representatives of its employees. NLRB sought a temporary restraining order against the company, requiring Boeing to bargain in good faith.

• **Refused Injunction**—Boeing argued that I.A.M. hadn't complied with the T-H law by submitting a 60-day written notice of intent to strike. The union

countered by saying it had made clear its intent to strike in the early stages of the marathon contract negotiations—before the T-H notice requirement was on the statute books. Judge Bowen brushed the union argument aside, refused to issue the injunction.

"The 60-day notice was not given and the waiting period not indulged in by the strikers," Judge Bowen ruled. "The effect of the failure to do this was to cause the striking employees to lose their status and bargaining rights. Under the present law, the union is not in a position to lawfully represent the Boeing employees."

• **Appeal**—I.A.M. plans an appeal on the basis of a contention that its pre-T-H law strike notice was a valid one. Unless it wins its appeal, it must regain certification as Boeing bargaining agent before the company can be required to talk contract terms. And its jurisdiction is certain to be raided by other unions interested in the Northwest's industrial plum. A.F.L.'s Teamsters Union already has claimed jurisdiction over 5,000 Boeing employees.

The company has kept its plant gates open and has been recruiting new employees to man aircraft assembly lines. Employment of hourly workers has now approached 3,000—nearly one-third the normal work force. Boeing claims that more than 1,000 of the recruits are members of the striking union.

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 3, 1948



Don't overrate the rift between Stalin and Tito. Yugoslavia isn't shifting its allegiance to the West.

But the trouble behind the Iron Curtain is a real break for the West. Even if the Kremlin forces the Yugoslav leader to come to terms, a lot of damage will have been done.

If a Stalin-Tito settlement isn't reached right away, you can be sure that Moscow will try to rig the next Yugoslav Communist congress (due to meet July 21). Stalin figures eastern Europe is part of the Russian empire. He will go to any lengths to keep it that way.

The Cominform blast at Tito was mostly verbiage. The real reasons for the crackdown are:

(1) Tito stands for independent power in the Balkans. He's been backing a Yugoslav-Bulgarian-Albanian federation. Stalin wants to keep the reins in Moscow. Tito is guilty of having his own brand of Communism.

(2) Tito is too ambitious. He wants to be Stalin's first consul in eastern Europe—despite his start as a guerilla fighter, not a Moscow-bred political strategist. But Stalin doesn't believe in giving any of his lackies much power.

(3) Tito built up his own military organization and his own secret police. In doing so, he has bucked control by the Red Army and the MVD.

(4) Tito has been draining his country economically to build a powerful army. Yugoslav farmers have been milked of manpower and food. The industrialization program has bogged down badly since imports of U. S. goods have been cut off.

If the U. S. State Dept. knew what was coming, it didn't let on. It could be that our intelligence forces failed to tip off Washington again—just like before the Colombian revolution last April.

Discount reports that impending release of \$47.5-million in Yugoslav gold, kept here since the war, had anything to do with the Cominform blast. Negotiations over this gold have been going on for some time. The Yugoslavs appear ready to fork over \$20-million of it for American holdings nationalized since the war (page 76).

Truman's cabinet is split on how to handle the Berlin situation.

Secretary Forrestal was all for backing the tough line proposed by Gen. Clay.

Secretary Marshall and Under Secretary Lovett want to go easy. They figure the western sectors of Berlin could be fed for about a month on air shipments plus stocks. Meanwhile, they're expecting a break in Russian policy.

America's foreign economic policy is to get a thorough revamping—if Dewey wins.

Business executives with wide foreign experience will get together soon to do the spade work for the Republican leaders.

Two of the big problems they will tackle are:

(1) Reciprocal trade agreements. These have been renewed (with a cut in the President's power to lower tariffs) for only one year. So the Republicans will be forced to be ready with a program of their own before June 12, 1949.

(2) The International Trade Organization charter. U. S. officials signed the charter at Atlanta along with about 50 other nations. But it still



# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JULY 3, 1948

has to be ratified by Congress and the legislatures of other ITO members.

ECA may come under the microscope, too. Business is not too pleased with some phases of ECA. Chief complaints are:

(1) Support given to government trading as against private trade by ECA officials in the lower echelons. (Paul Hoffman isn't being blamed for this, however.)

(2) Bungling by European governments. Reports are that government officials in Italy turned down an Italian auto maker's bid for \$2½-million in ECA funds. In a few hours the Italian Communists came across with the money (in dollars)—and the company agreed to ship some trucks to Poland.

(3) Graft in some ECA countries. In Belgium, for example, it's said to be possible to get permits to import U. S. trucks by bribing officials \$100 per truck.

Argentina is using a special "export peso" to boost its foreign sales.

The special rate works out to five pesos to the dollar instead of the regular four-to-one. This cheapens the currency by about 25%.

One industry that expects to benefit is the Argentine shoe industry.

Shoe manufacturers had big foreign sales during the war. But since 1945 they were priced out of most markets by inefficient production, high labor costs. Now they'll get what amounts to a government subsidy. So they expect to recapture markets in Latin America.

For the present, the new export rate doesn't apply to agricultural products. But some Washington officials think that it will be extended if there's a world buyer's market for food by the end of the year.

The Argentine Central Bank has issued new regulations on the investment of foreign capital. Here are two of the key provisions:

(1) New capital (invested after Jan. 1, 1948) is guaranteed free entry and exit for at least 12 months.

(2) The amount of profit that can be transferred is increased. For one thing, the Central Bank now defines "capital" as original investment plus what's reinvested. Previously, only the initial investment was used in calculating permissible transfers. But there's a joker in all this: The Central Bank has very few dollars to remit.

Poland is getting \$12-million worth of U. S. rail equipment. The Commerce Dept. has now O.K.'d shipment on this purchase. (It's the first export of American industrial stuff to Poland since March.)

The idea is to keep Polish coal moving into Western Europe. This is in line with Washington's effort to (1) relieve the drain on the U. S., and (2) step up the supply of materials for Marshall Plan countries.

The Dutch are expecting to get a Kaiser-Frazer assembly plant. It's to be in Rotterdam. Operations are to start by the end of the year.

There are about 10 other U. S. firms now talking with the Dutch about setting up shop in the Netherlands. Plans include the production of razor blades, fountain pens, pumps. New U. S. investment in Dutch industry last year came to about \$14-million.

Finland goes to the polls this week but don't look for much excitement. Communists will lose only a few seats in the Diet. Moscow is relying on reparation cuts and the mild Soviet-Finnish mutual aid agreement to win votes.

Contents copyrighted under the general copyright on the July 3, 1948, issue—Business Week, 330 W. 42nd St., New York, N. Y.

# BUSINESS ABROAD



GERMANS LINED UP at banks last week to trade in their old Reichsmarks for the new Allied . . .



DEUTSCHE MARK. Meanwhile, Russia issued . . .



NEW SOVIET REICHSMARKS as a countermove

## Currency Reform to Bolster German Economy

One new mark is issued for 10 old ones. Allies hope firm money will aid business; wages at old rates are work incentive.

**BERLIN**—The western powers, last week, launched their currency reform with high hopes. Germans were told in an official broadcast that, in the western zone, "the postwar period of topsy-turvy values . . . has come to an end."

• **Money War**—Now a battle of the marks is on. The Soviet-controlled Berlin radio said that all those caught in the Soviet sector of Berlin with the new western money faced severe punishment. Instead, Berliners were to accept a new Russian Reichsmark, cooked up at the last minute for the occasion. Moscow hoped to turn the currency

war into a Waterloo for the western powers in the German capital.

The new Russian mark was strictly a propaganda device. Although it was reliably reported that an official eastern currency had been printed months ago, the Russians suddenly switched horses—decided to print stickers on old Reichsmarks to denote legal tender. This was explained as an "emergency" measure to protect Berliners and Germans in the Soviet zone against the new western mark—"a stab in the back to German unity."

• **Counterfeits**—The Soviets won few converts. Many Berliners quickly

dubbed the new Soviet Reichsmark "tapetengeld"—wallpaper-money. Counterfeit stickers were circulating in Berlin's thriving black market within 24 hours after "official" ones rolled off Communist presses. The best the Soviet Reichsmark will do is to put a higher premium on the West's Deutsche Mark. If the Allies stay put in Berlin, the Russian currency will do little more than worsen the paper shortage.

But the Russians have gained one tactical victory in the battle of marks. They have forced the Allies against their will, to circulate the new Deutsche Mark in the western sectors of Berlin. The Allies had expected to use the old German Reichsmarks in Berlin—the currency which has been circulating in both eastern and western Germany. But when

Russia came up with its new eastern "emergency marks," the Allies had to extend the Deutsche Mark to their sector of Berlin, or else use the eastern money there.

Now, with the competing currencies complicating the business life of Berlin, the Soviets can claim another reason for forcing the western powers out.

• **Time Schedule**—But the mixup shouldn't prevent the Deutsche Mark from carrying out its chief purpose—jacking up the economy of the three western zones. In the West the currency reform is proceeding according to plan. The strategy, as worked out by financial experts of the three western powers, was delayed action—unfold the plan bit by bit.

June 20 was proclaimed "C-Day." On that day Germans were told to turn in all their ready cash, declare all mark holdings including bank deposits. Each was issued up to 60 Deutsche Marks for the same amount of old Reichsmarks, to tide him over a five-day period until the new conversion rates were announced. Businessmen and professional people got special advances.

• **Central Bank**—Next, the western powers announced a legal-tender law. This designated the Bank Deutscher Laender (a sort of Federal Reserve System for the three western zones) as exclusive issuing agency for the Deutsche Mark. It authorized 10-billion Deutsche Marks as the maximum initial issue; and it provided that later issues could not exceed 1-billion marks at any one time.

A third order revised all tax rates downward—apparently because there won't be so much need now to drain money out of the economy. The overall reduction in income taxes amounts to about one-third. Corporation tax rates were converted from a range of 35%–65% to a flat 50%.

• **Ten for One**—Finally came the announcement of conversion rates for old money holdings that were turned in, and for bank accounts that were declared, under the C-Day rules. The rate: one new mark for 10 old. But only half of any account is being released right away; the other half is blocked—for now.

Occupation authorities will decide within 90 days on the terms governing the release of the blocked half. The authorities want an opportunity to gage the availability of goods before they let additional buying power loose.

• **Check on Black Markets**—There are other limits on the amount of new money a German can get. For more individuals, 5,000 old marks is the maximum that can be converted immediately. This means the individual can get only 500 new marks—and half of these are blocked for at least 90 days. Those with holdings over 5,000 will have to wait for tax-office clearance before they can get more new cash.

This delay in issuing the full amount of new marks to large holders of old ones will give the tax office time to check up on tax evaders and black marketeers. These people, presumably, will not get the rest of their Deutsche Marks.

Tradesmen and professional people are allowed the immediate conversion of up to 10,000 marks (again with half the total blocked)—if they get a provisional clearance from the tax office. Industrial enterprises can convert all of their holdings, on the same basis.

• **End of Hoarding?**—The western powers and German officials had good reason to hail currency reform as a turning point in western Germany's struggle for recovery. The new Deutsche Mark—plus increased imports of "incentive goods"—is expected (1) to smoke out hoarded producer and consumer goods, ranging from steel ingots to underwear, and (2) to provide an incentive for both labor and management to work harder.

Spot checks of German plants revealed astounding examples of hoarding, particularly of semifinished goods. The money they would bring wouldn't buy much. Then, as currency reform became imminent, the practice of withholding goods from processors and trade channels intensified—because nobody wanted any more old marks. Just before C-Day it was like pulling teeth to get a manufacturer or supplier to part with goods, except possibly on a barter basis.

• **Workers Benefit**—C-Day was good news for the German worker. Wages and pensions will now be paid on the basis of one new mark for one old one. This puts some real zip into the workers' pay envelopes.

Despite release of hoarded goods and



CURRENCY ARCHITECTS: Jack Bennett (left), U. S. financial adviser in Germany, and Sir Eric Coates, British financial adviser, helped plan the details of the German currency reform

increased imports from the U. S., the average German worker still won't be able to buy all the food and other goods he wants or needs. But the mark he cannot spend, at least, will be worth hanging onto—and he can always hope that someday rationing will get more liberal.

Some frictional unemployment is inevitable. Until now many employers could afford to overstuff payrolls with nonproductive workers, chiefly employed in plant repair and rehabilitation. But workers dropped from present payrolls should have little difficulty finding new employment. In fact, a critical shortage of both skilled and unskilled labor looms as a new production bottleneck.

• **Problems**—Neither German nor Allied officials expect to get by without readjustment problems. Many firms, for example, will be left hard up for working capital. To meet this problem, the western powers have authorized creation of a German RFC to help industry over the hump. And the western German banking system will be told to formulate liberal credit policies.

New reserve requirements for bank deposits have been set up. The West German banking system will (1) back every 100 new marks of demand-deposit liabilities with 15 new marks, and (2) back every 100 marks of time and savings deposits with 7½ new marks. The Bank Deutscher Laender will back its branch banks with 30 new marks for every 100 marks in deposit liabilities.

A sweeping capital levy is in the cards before the end of 1948. This is intended to equalize the financial losses caused by war damage, reparations, and loss of external assets.

• **Dollar Basis**—The new Deutsche Mark, which has been pegged initially at 30 cents, obviously cannot be cut loose on the world market. So western Germany's trade will remain on a dollar basis.

The chief effect of the monetary reform on foreign trade lies in the prospect of increased production of export commodities.

• **Foreign Investment**—New regulations allowing the investment of foreign capital can be expected before long. Provision has been made for unfreezing blocked-mark accounts held by foreign firms in the western zones. These funds can now be spent only for bona fide rehabilitation and for certain other limited purposes. The old marks could not be used to extend property holdings.

However, the moratorium on new foreign investments is not likely to be lifted before the end of the year. The expected solution to the problem of profit transfer will be to limit investments to fields whose production can effect a saving in western Germany's dollar import requirements.



# "DITTO *Costs you nothing!*"

Scott, Foresman & Company



Scott, Foresman & Company, prominent educational publishers, have this to say about their Ditto Order-Billing Back Order System: "To those contemplating the installation of a Ditto Business System we say, 'Ditto Costs You Nothing.' It is an investment which yields substantial savings in time and money and pays its cost many times each year."

Hundreds of business firms, in scores of industries, attest to this. For Ditto is more than a duplicating method; it is a One-Writing Business System that helps mesh the gears of every department of business. Whatever the size or nature of your business, you can adapt Ditto with profit to order-billing, payroll, production-order and purchase-order work. To learn how Scott, Foresman utilizes Ditto to its advantage, write today for your free copy of Case History No. 4710.

DITTO, INC., 2241 W. Harrison St., Chicago 12, Ill.  
In Canada: Ditto of Canada, Ltd., Toronto, Ontario



PRODUCTION  
PAYROLL  
PURCHASING  
ORDER-BILLING

*One Writing* **DITTO** *Business Systems*

TRADE MARK REG. U. S. PAT. OFF.


*New and Different*

**CENTRALINE STENCIL BOARD**

WILL NOT BECOME BRITTLE WITH AGE  
CUTS CLEANER AND SHARPER

The new impregnating process used exclusively in making Centraline Stencil Board not only improves its cutting and stenciling qualities, but also stabilizes the paper so that these superior qualities are retained indefinitely. No old type board can match it for performance, long life and low stenciling cost.

WRITE TODAY FOR A FREE, GENEROUS SAMPLE AND TRY IT IN YOUR SHIP PING DEPARTMENT.

REG. U.S. PAT. OFF.  PAT. OFF.

**CENTRAL PAPER COMPANY INC.**  
2462 Lakeshore Drive • Muskegon, Michigan  
BRANCHES IN LEADING CITIES

**Solving Your**  
**INDUSTRIAL Housing**  
**PROBLEM today**

Before you try to solve your Industrial Housing Problem, have a good look at the KNOX HOMES Plan. KNOX Packaged Homes meet today's top Industrial Housing Problem. Factory-Engineered Packaged Home direct to you.

**KNOX CORPORATION**  
THOMSON • GEORGIA

**INDUSTRIAL or COMMERCIAL**  
**PROPERTY FOR SALE or RENT**

of major interest to either local or distant prospects, ask for information about the

**NAT'L INDUSTRIAL**  
**REAL ESTATE BULLETIN**  
of BUSINESS WEEK

**BUSINESS WEEK**... the magazine of business news interpretation... wherever you find it, you find a management-man well informed.



U. S. INVESTMENTS in eastern Europe totaled \$482.7-million in 1939. Now most of the properties they represent have been taken over by the states. The old owners ask . . .

## Will U. S. Investors Get Paid?

State Dept. argues for compensation from Soviet-satellite countries to American companies with industrial properties that have been nationalized. Best bets: Poland and Yugoslavia.

The State Dept. was playing a quiet game of diplomatic poker this week with six Soviet satellites in eastern Europe. The stakes are an estimated \$482.7-million of U. S. investments (prewar value). This map shows where they are located, country by country.

The investments are in a wide range of properties—from plants and pipelines to farms and office buildings. Most have now been nationalized. Those that have escaped are in the jaws of a pincers that's putting pressure on American owners to give up and get out.

• **Who's Involved**—There are some big names involved. Standard Oil of New Jersey, Socony-Vacuum, and International Telephone & Telegraph (through its subsidiary Standard Electric Co.) operate in almost every one of the satellites.

Anaconda Copper owns 51% of the Silesian American Corp. of Poland—one of the largest groups of mines and smelting plants on the continent. American interests are indirectly connected with the rich Trepeca mines in Yugoslavia.

Other investors in Eastern Europe include: International Business Ma-

chines (Czechoslovakia and Poland); Universal Pictures (Czechoslovakia and Hungary); Warner Bros. (Rumania and Yugoslavia); National Cash Register (Czechoslovakia, Hungary, and Yugoslavia); Burroughs Adding Machine, Colgate-Palmolive-Peet, and Royal Typewriter (Poland); Remington-Rand and International Public Service Corp. of Maryland (Yugoslavia); and Ingersoll-Rand, Eastman Kodak, Coty International, and United Shoe Machinery (Rumania). Many of this latter group invested in marketing organizations.

• **Taken Over**—The shadow of nationalization has hung over these companies since right after the war. The first satellites to jump on the Communists' state-ownership bandwagon were Yugoslavia, Poland, and Czechoslovakia. Bulgaria wasted little time in following.

After the Communist coup in Czechoslovakia last February, Rumania stepped up the pace. Hungary is still dragging its feet; it's due for a prod from Moscow soon.

• **U. S. Position**—The State Dept. doesn't argue with the right of any sovereign power anywhere to national-

ize property owned by American citizens. State's policy all along has been to recognize each country's right to shape its own social and economic order.

But State also insists that, once a government takes over American property, the owners must be paid for it. Otherwise, it's confiscation, not nationalization.

• **Satellites' Position**—Each of the six satellites concedes that payment is in order. Five of them actually have laws covering compensation; the exception is Hungary, which hasn't got round to that one yet.

Three of the countries with laws on the books might just as well not have written them, as far as State is concerned. The compensation may be there; but it's neither "prompt, adequate, nor effective."

In **Bulgaria**, the location of about 24% of the U. S. investments in the U.S.S.R. satellites, the payoff is supposed to be in 20-year state bonds.

In **Czechoslovakia** (which has 27% of the total), payment is slated to come from "a fund of nationalized property." Prague says property owners will get interest-bearing securities redeemable from surplus profits of nationalized enterprises.

In **Rumania** (with 13% of the total), the government is following the Czech lead. There's to be a "nationalized industry fund," and former property owners will get interest-bearing securities in exchange. But the Czech idea has been given a twist in Bucharest: An old owner can redeem his securities only if his particular property earns a profit for the fund.

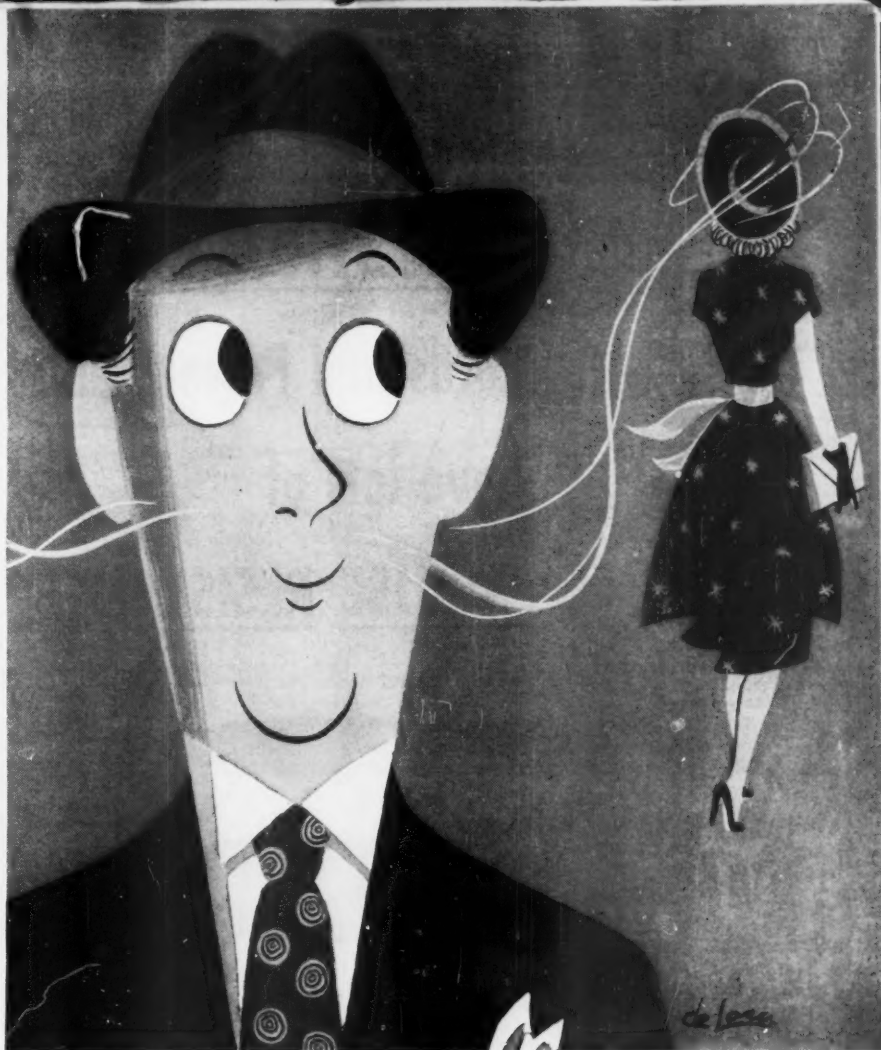
• **Rumanian Scheme**—The State Dept. takes a very dim view of that one. Before Rumania really got going on nationalization, it took steps to "soften up" concerns with foreign interests. This was done by taking over, in effect, the management. This put a squeeze on the companies' profits.

A case in point is Standard Oil of New Jersey's multimillion dollar Romano Americana works. Rumania began by dictating how much oil was to be produced, where it was to go, how much it should cost. Since Rumania and the Soviet Union have a joint corporation to buy and market oil, Romano Americana found itself with only one customer.

Then the Rumanian government proceeded to fix the company's wages, to take issue with its bookkeeping, and to force it to provide worker-housing. Next, the government began putting key workers in key jobs.

The climax came last April 15, when the Ministry of Mines & Petrol appointed a Rumanian engineer as supervisor of the whole company.

Romano Americana has been running in the red since the pincers pressure



## how to lead a man by the nose

American women know the answer. They spend more than a billion dollars a year on perfume, soaps and other scented cosmetics to lead their men around by the nose. From the civet cat of Africa to the roses of France, the animals and flowers of every nation conspire to write a happy ending to the age-old plot when boy meets girl.

The chemical industry contributes to the benign conspiracy with such ingredients as fine alcohols, the volatile agents

that carry perfume odors—diethyl phthalate, the fixative that makes sweet odors linger longer—and butyl stearate, which gives creams and lotions their smooth, luxurious quality.

All these chemicals are products of Commercial Solvents Corporation, which also works less glamorously but no less effectively for you and America's manufacturers, doctors, farmers and motorists by producing essential materials for their use.



COMMERCIAL SOLVENTS CORPORATION

17 EAST 42ND STREET, NEW YORK 17, NEW YORK



# National Electric INDESTRUCTO

## Cords and Power Cables have lots of

## "ABUSE RESISTANCE"



It's no use expecting operators of portable machines and tools to "baby" the electric cords. They won't do it. You have to equip *your* tools with cords that can "take it."

That's why we build a lot of "abuse resistance" into N.E. *Indestructo* cords and cable. They're really rugged . . . have high tensile and crushing strength . . . resist flexing, kinking, abrasion, water, grease, oil and chemicals . . . and their jackets will not deteriorate under constant sunlight exposure.

From their carefully annealed copper strands to their mold-cured NEO-PRENE sheath, *Indestructo* cords and *Indestructo* power cables far exceed the requirements of the Underwriters' Laboratories, Inc. for flexibility and durability.

There's lots of good-will-building properties in *Indestructo* cords for manufacturers who equip their products with these high quality wires and cable. Users, too, can lower maintenance costs and raise operating efficiency by specifying *Indestructo* for cord replacements on their present equipment.

Everything in wiring points to NE

### National Electric

PITTSBURGH, PA.



started. If it were nationalized now, it would be a long time before it could show any profit. And if it didn't show any profits, its owners couldn't cash in their "compensation securities."

• **Polish Procedure**—In contrast to Rumania, Bulgaria, and Czechoslovakia, the Polish government has spelled out just what its compensation law means for American property.

The Poles say that any bona fide investment of dollars (or their equivalent) by a U. S. citizen will be paid off in dollars—not in Polish bonds or Polish zlotys. In itself, that's something to cheer about. Poland has the lion's share of U. S. investments in eastern Europe—some 35% of the estimated total.

The joker is that the Poles—much as they might like to pay—just haven't the hard cash to fork over. Besides, they're burned up about U. S. export controls, which have clamped down on machinery imports to their equipment-hungry mines, mills, and factories.

So far, a formal agreement has yet to be signed. But talks between both governments are still going on. There's a good chance that a settlement will be reached, for one good reason: The need for East-West trade to put the Marshall Plan across. Poland may get more machinery than she thought possible several months ago.

• **In Yugoslavia**—Like Poland, Yugoslavia—with an estimated 10% of U. S. investments in eastern Europe—occupies a special place in current negotiations over nationalized U. S. property.

Yugoslavia is unique because it has been talking in terms of paying off in a lump sum, right away—and in cold cash.

It can talk that way because the U. S. still holds upwards of \$45-million of gold in the account of the National Bank of Yugoslavia. It was rushed to the Federal Reserve Bank of New York for safekeeping before the Nazi attack and occupation.

The present Yugoslav regime thinks the U. S. has been "safekeeping" the stuff too long. It has been trying to get back this golden nest egg since the end of the war.

• **Bickering**—About a year ago, the U. S. laid out its initial terms: The gold is yours—after we deduct \$42.3-million for the U. S.-owned industrial enterprises, real estate, and agricultural property you've nationalized.

The Yugoslavs called this an "exaggerated evaluation," maintaining it included enemy-owned property plus investments not made in American currency. The U. S. then slashed its claim to \$20-million. But the Yugoslavs offered only \$5-million plus a "substantial guaranty for the remaining claims."

The gold still glitters in New York. But both governments are now trying again to work out a solution over the conference table.

More  
From

LON  
dustries  
Yorkshi  
the end

The p  
plastics  
ing (he

• Crack  
well alon  
for the

cracking  
drocarb  
complex

example  
into pol  
oped pla  
ture of

The  
the Tees  
works, t

the Brit  
housing

gases an  
cum cra

plants.  
• Comp

made at  
coal, co

few chan  
can har

products

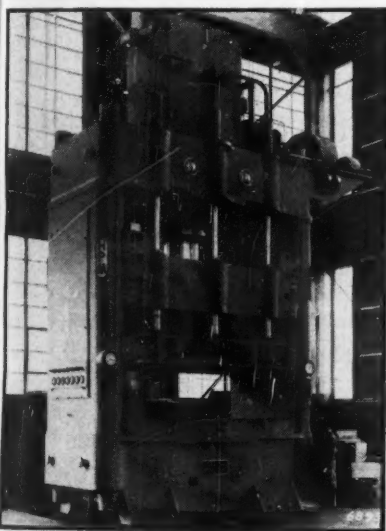
## More British Chemicals From \$40-Million Plant

LONDON—Imperial Chemical Industries' \$40-million project at Wilton, Yorkshire, will be starting to produce by the end of the year.

The plants will turn out both thermoplastics (heat sensitive) and thermostating (heat resistant) plastics materials. • **Cracking Plant**—Construction is also well along on a plant to crack petroleum for the manufacture of chemicals. The cracking plant will produce simple hydrocarbon gases to be turned into more complex liquid or solid products. An example: Ethylene gas will be made into polyethylene; this is an I.C.I.-developed plastic important in the manufacture of radar components.

The Wilton project lies just across the Tees River from I.C.I.'s Billingham works, the largest chemical factory in the British Empire. A 1,750-ft. tunnel housing ten miles of pipelines will carry gases and liquids from Wilton's petroleum cracking plant to the Billingham plants.

• **Complementary Operation**—Products made at Billingham come mainly from coal, coke, and creosote. With only a few changes, some plants now operating can handle Wilton's petroleum-based products.



## For Czech Cars

This 1,000-ton hydraulic sheet metal drawing press just got in under the wire: It was shipped to the Prague Auto Works (formerly a Skoda branch) before the U. S. banned exports of potential war material to Iron Curtain countries. It cost \$125,000 and is one of the biggest presses ever built for export. Its maker, Hydraulic Press Mfg. Co., Mt. Gilead, Ohio, exports machine tools to France, England, Sweden.

## ADVERTISERS IN THIS ISSUE

Business Week—July 3, 1948

|   |   |
|---|---|
| THE ADDRESSOGRAPH-MULTIGRAPH CORP. 2<br>Agency—The Griswold-Eshleman Co.                                  | LORD MANUFACTURING CO. .... 57<br>Agency—W. S. Hill Co.   |
| AMERICAN CYANAMID CO. .... 52<br>Agency—Hazard Advertising Co.  | MANNING, MAXWELL & MOORE, INC. .... 60<br>Agency—Briggs & Varley, Inc.                          |
| AMERICAN LUMBER & TREATING CO. .... 45<br>Agency—Fuller & Smith & Ross Inc.                               | MARCHANT CALCULATING MACHINE CO. 55<br>Agency—Doremus & Co.                                     |
| AMERICAN MUTUAL LIABILITY INS. CO. ... 5<br>Agency—McCann-Erickson, Inc.                                  | MARSH & McLENNAN, INC. .... 56<br>Agency—Doremus & Co., Inc.                                    |
| AMERICAN RADIATOR & STANDARD SAN-<br>ITARY CORP. .... 8<br>Agency—Batten, Barton, Durstine & Osborn, Inc. | THE GLENN L. MARTIN CO. .... 30<br>Agency—Van Sant, Dugdale & Co., Inc.                         |
| AMERICAN TELEPHONE & TELEGRAPH<br>CO. .... 69<br>Agency—Newell-Emmett Co.                                 | THE MINNEAPOLIS & ST. LOUIS RAILWAY 37<br>Agency—The Fadel Co.                                  |
| ARMSTRONG CORK CO. .... 47<br>Agency—Batten, Barton, Durstine & Osborn, Inc.                              | MOBILIFT CORP. .... 67<br>Agency—House & Leland, Adv.   |
| ATLAS POWDER CO. .... 70<br>Agency—The Altlin-Kynett Co.  | MONSANTO CHEMICAL CO. .... 39<br>Agency—Gardner Advertising Co.                                 |
| BALDWIN LOCOMOTIVE WORKS, INC. .... 29<br>Agency—Ketchum, MacLeod & Grove, Inc.                           | MOSINEE PAPER MILLS CO. .... 66<br>Agency—Klau-Van Pietersom Dunlap Assoc.                      |
| BITUMINOUS COAL INSTITUTE. .... 3<br>Agency—Benton & Bowles, Inc.   | NATIONAL ELECTRIC PRODUCTS CORP. ... 78<br>Agency—Ketchum, MacLeod & Grove, Inc.                |
| BORG-WARNER CORP. (NORGE DIV.) .... 36<br>Agency—Campbell-Ewald Co.                                       | NEENAH PAPER CO. .... 6<br>Agency—Kirkcasser-Drew   |
| CENTRAL PAPER CO., INC. .... 76<br>Agency—Crescent Adv. Service   | OKLAHOMA PLANNING & RESOURCES<br>BOARD .... 53<br>Agency—Erwin, Wasey & Co.                     |
| COMMERCIAL SOLVENTS CORP. .... 77<br>Agency—Fuller & Smith & Ross, Inc.                                   | OWENS-CORNING FIBERGLAS CORP. .... 14<br>Agency—Fuller & Smith & Ross, Inc.                     |
| COUNTRY GENTLEMAN .... 40 & 41<br>Agency—Lamb, Smith & Keen, Inc.   | OZALID PRODUCTS DIV., GENERAL ANI-<br>LINE & FILM CORP. .... 42<br>Agency—Young & Rubleam, Inc. |
| DITTO, INC. .... 75<br>Agency—W. W. Garrison & Co.  | PYRENE MANUFACTURING CO. .... 68<br>Agency—Gray & Rogers, Adv.                                  |
| C. A. DUNHAM CO. .... 32<br>Agency—William Hart Adler, Inc.   | THE RAULAND CORP. .... 54<br>Agency—George Brodsky, Adv.  |
| THOMAS A. EDISON INC., STORAGE<br>BATTERY DIV. .... 4<br>Agency—Diedrich Adv. Service                     | RELIANCE ELECTRIC & ENGINEERING CO. 35<br>Agency—Meldrum & Fawcett, Inc.                        |
| ELECTRICAL TESTING LABORATORIES. .... 64<br>Agency—P. T. Coburn   | REMINGTON RAND, INC. .... 7<br>Agency—Leeford Adv. Agency, Inc.                                 |
| ENJAY CO., INC. .... 31<br>Agency—McCann-Erickson, Inc.   | ROBBINS & MYERS, INC. .... 49<br>Agency—Erwin, Wasey & Co., Ltd.                                |
| ERIE RAILROAD CO. .... 65<br>Agency—The Griswold-Eshleman Co.   | ROSS CARRIER CO. .... 44<br>Agency—Paxson Advertising   |
| THE FAFNIR BEARING CO. .... 3rd Cover<br>Agency—Horton-Noyes Co.  | SHAKEPROOF, INC. .... 4th Cover<br>Agency—Behel & Walde & Briggs, Inc.                          |
| A. B. FARQUHAR CO. .... 48<br>Agency—VanSant, Dugdale & Co., Inc.   | SINCLAIR OIL CORP. .... 27<br>Agency—Doremus & Co., Inc.  |
| FRIGIDAIRE DIV., GEN'L MOTORS CORP. ... 46<br>Agency—Foote, Cone & Belding                                | SPERRY GYROSCOPE CO. .... 17<br>Agency—Chas. Dallas Reach Co., Inc.                             |
| GENERAL ELECTRIC CO., LAMP DEPT. .... 18<br>Agency—Batten, Barton, Durstine & Osborn, Inc.                | SQUARE D COMPANY. .... 56<br>Agency—Reinke, Meyer & Finn, Inc.                                  |
| THE B. F. GOODRICH CO. .... 1<br>Agency—The Griswold-Eshleman Co.   | THE STEWART IRON WORKS CO., INC. .... 68<br>Agency—Jaap-Orr Co.                                 |
| GRINNELL CO., INC. .... 43<br>Agency—Horton-Noyes Co.   | SUN OIL CO. .... 12<br>Agency—Gray & Rogers   |
| HARTER CORP. .... 64<br>Agency—Lamport, Fox, Prell & Dolk, Inc.   | SUNROC REFRIGERATION CO. .... 58<br>Agency—Gray & Rogers  |
| HOTELS STATLER CO., INC. .... 33<br>Agency—Young & Rubleam, Inc.  | SUPERIOR STEEL CORP. .... 51<br>Agency—Walker & Downing   |
| E. F. HOUGHTON & CO. .... 34<br>Agency—Roche, Williams & Cleary Inc.                                      | UNION CARBIDE & CARBON CORP. .... 11<br>Agency—J. M. Mathes, Inc.                               |
| INDUSTRIAL MOLDED PRODUCTS. .... 60<br>Agency—Firestone-Goodman Adv.                                      | WABASH RAILROAD CO. .... 61<br>Agency—Gardner Advertising Co.                                   |
| KEYSTONE STEEL & WIRE CO. .... 63<br>Agency—Mace Adv. Agency Inc.   | WARNER & SWASEY CO. .... 2nd Cover<br>Agency—The Griswold-Eshleman Co.                          |
| KNOX CORP. .... 76<br>Agency—Ulric C. Jones   | THE WAYNE PUMP CO. .... 59<br>Agency—Bonab Adv. Agency  |

# THE TREND

## Bizonia Bogs Down Industrially

Why does western Germany, far less damaged physically by war than some of its European neighbors, still lag far behind them in getting back on its feet industrially?

The question is important to the American taxpayer—aside from its being a key to the recovery of Europe and to the peace of the world. How important is underlined by one cold fact: We are going to spend well over \$1-billion in Bizonia during the current fiscal year. The bill may run as high as \$1.5 billion—and things are getting worse. During the year ended June 20, 1948, we spent only about \$578-million in western Germany.

In its "Survey of the Economic Situation & Prospects of Europe," recently published in Geneva, the United Nations Economic Commission for Europe remarked that:

"The outstanding feature of the aftermath of the Second World War was the collapse of production in Germany. At the same time, the other countries of Europe, despite the incomparably greater physical destruction caused by actual fighting, and the disorganization caused by widespread enemy occupation, have shown a much higher recuperative power. . . ."

Coal and steel highlight Germany's sad production story. Three years after the shooting stopped, Ruhr hard-coal production is now running at a rate about 70% of of the 1936 average. In other parts of Europe, coal output is either close to, or well above, prewar levels. Even in the Saar and in the Soviet zone of Germany, it is said to be running ahead of the 1936 rate.

Bizonia's steel production today is only about 30% of what it was in 1936. Other countries on the whole are producing more than they did prewar.

Over-all industrial production in Bizonia still adds up to less than 50% of the 1936 output. In comparison, Greece, which was much more badly shot up and has a civil war on its hands, is producing 71% of its 1938 volume. And the average production rate of western Europe outside of Germany is now 99% of 1938.

### Cause of the Trouble

A full array of the reasons behind Germany's industrial paralysis would overflow this page. It would, of course, emphasize the demoralization caused by total military defeat. But that does not explain why Germany is still close to prostrate three years later. The main reasons for today's feeble production appear to be:

(1) The lack of a workable money system—which is closely tied into the production shortage because there aren't enough goods to make the money stable.

(2) The division of control and responsibility for Ruhr production—the Germans control production; the occupation authorities control distribution. True, Germans are getting more and more of the distribution system into

their hands. But ultimate ownership here and in production is nowhere settled.

The result has been a nearly complete breakdown of the normal uses of money. Rather than using money, Germans have been bartering—both among individuals and on broader levels. Plant managers have been swapping some of their finished products for materials. They have been paying workers, in part, with goods that were worth far more on the black market than were money wages. Workers and their wives, in turn, have been scrapping together what stuff they could and traveling into the country to trade it to farmers for food.

This, with the two different sets of controls and controllers, has sent a considerable flow of goods into the black market from leakages all along the production-distribution chain.

Something is being done about currency now. Both the western powers and the Russians are issuing new money. But to be effective, currency reform must be accompanied by production of enough stuff to make the money good. Paper money without goods for which it can be exchanged is just paper.

### Which Course?

To step up production fast, the western powers have a choice of two courses of action:

(1) Push much harder the new policy of pumping key consumer goods into western Germany. In the past few weeks, textiles and tobacco have been shipped in. The presence of those goods does give real value to the new money, and enough goods could stimulate worker output as well as curb black markets.

(2) Or the western powers might turn Germany over to the Germans fairly fast. In place of detailed Military Government control over distribution, the western powers would demand only fixed quotas of coal, scrap, and other exports essential to the recovery of the rest of Europe. But this might actually delay recovery while the Germans fought among themselves for political control.

If the western powers continue their present course—gradually relaxing occupation controls and forcing consumer goods into the economy, while maintaining a weak German administration—production will probably continue to increase. But its success hangs on the flow of American dollars. If an economy-minded Congress shuts off the shining stream, or even valves it down sharply, German output may relapse. And that would endanger the success of the whole Marshall Plan.

What is the best possible remedy? That is something beyond the scope of this Trend. But it is entirely clear that finding the remedy is a major order of business for the U. S. Germany must be put back on its feet—and taken off the back of the United States.



24  
23  
22  
21  
20  
19  
18  
17  
16  
15  
14  
13  
12  
11  
10  
9  
8  
7  
6  
5  
4  
3  
2  
1

BU  
WI  
INI